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USSR Report

NATIONAL ECONOMY

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NATIONAL ECONOMY

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

ECONOMIC RESTRUCTURING PROPOSALS CONTINUE

Economic Mechanism of Planning

Moscow EKONOMICHESKAYA GAZETA in Russian No 42, Oct 86 p 7

[Article by V. Smirnov, sector chief of USSR Gosplan's Scientific Research Economic Institute, candidate of economic sciences, under the "Discussion: Restructuring the Economic Mechanism" rubric: "The New Shape of the Plan"; passages in capital letters published by source in boldface]

[Text] Planning is the central link, the framework of the entire economic mechanism. As long as planning remains unchanged, no other measure will produce the desired effect.

On the other hand, in order to radically restructure our planning efforts, we must reach a new level of cost accounting. How is this to be done?

A number of different approaches for improving the economy's planning guidelines were suggested in the articles "Towards an Integral System of Management" (No 21), "The New Look of the Basic Link" (No 25) and "The Central Problems of Reform" (No 29). We believe that the essence of the long-overdue changes lies first in shifting the emphasis from the centralized planning of real and volumetric cost indicators to central planning of the instruments--prices, quotas, taxes and percentages--as well as the rules for their use. Second, it lies in changing the basic production link over to full cost accounting, including self-repayment, not only of current outlays, but in great measure with regard to capital outlays for whatever resource is used as well.

THE ECONOMIC NORM SYSTEM

Restrictions on the range of centralized quotas can be brought about, in physical terms, by their being more closely coordinated with the setting up of economic conditions which are conducive to stepping up and successfully fulfilling the plan. This simply means centrally establishing a system of economic norms within the five-year plan. And the establishing, to be more precise, of prices for basic output and of rules for setting prices for other types of output; of norms for wages, for effectiveness of capital investments and payments for resources such as fixed capital, manpower and natural

resources and the distribution of profits; norms for banking percentages, for taxes, and for fines structured on the principle of full compensation for any damages.

These valid economic norms can be a reliable tool for guidance in planning, where the centralized basis for controlling the economy is flexibly combined with the use of money-and-goods relationships.

In our opinion, the TRANSITION FROM INDIVIDUALLY SET, AND BY AND LARGE UNCOORDINATED, NORMS FOR A SYSTEM OF UNITED (OR AVERAGED OUT BY SECTOR, REGION, PRODUCTION COMPLEX ETC.) ECONOMIC NORMS WHICH ENCOMPASS THE DISTRIBUTION OF AN ENTERPRISE'S ENTIRE GROSS REVENUE would be a radically new approach to the use of economic norms. This makes it possible to strictly differentiate an enterprise's cost accounting capital depending on the relationship between individually and publicly needed production costs.

The crucial and complex problem of fundamentally restructuring planning lies in the CHANGEOVER FROM THE PREFERENTIAL DETERMINATION OF PLANNING INDICATORS IN FIXED PRICES TO THE PLANNING OF COST INDICATORS IN CURRENT PRICES. The use of only comparable prices weakens the financial and cost aspect of the five-year plan, the efficacy of the economic methods and the cost accounting basis, and what is most important, isolates the plan from the real economic situation. Price dynamics ought to be planned as well.

THE ROLE OF THE FIVE-YEAR PLAN

One of the major tasks associated with the improvement of planning is that of converting the five-year plan into the basic form of planning activity. We believe that there are several crucial conditions which must exist in order to do this. This will occur basically through determining the changes needed in wholesale and retail prices while drawing up the five-year plans based on their proportions. The approval of new prices within the five-year plan and the plan indicators enhances the validity and interconnections of the real and cost-related proportions in the new prices.

It would be advisable to work out five-year financing plans at all administrative levels to provide stability and validity for the economic norms.

Balance-related work remains to be improved. The physical balances and the distribution plans within the national economic five-year plan are apparently only at the point of being drawn up for output which has significance solely with regard to structure-forming. What we're talking about here is the enlarged products array, within which: changes in production volumes unavoidably involve changes in inter-sectorial deliveries of output and redistribution of centralized capital investments and lead, in the final analysis, to a new overall version of the national economic plan. According to the estimates of our institute's specialists, a structure-forming workload is being borne by approximately 300 basic real industrial and agricultural output positions.

In the five-year plan, it is crucial and obligatory that ceilings on state capital investments be set strictly in accordance with prescribed production increases. This plan must contain the final distribution of resources for bringing the adopted state goal-oriented programs to fruition. And finally, nothing will be accomplished without setting up the necessary combination of five-year plan reserves of material and financial resources, capital investments and production capacities.

As the role played by long-term planning increases, the estimate-checking nature of the current (annual) plan can be enhanced. In the current state of planning, a great many plans of enterprises can be set up which use the horizontal ties (contracts) and methods used in centralized economic regulation. It is advisable to draw up and deliver centralized assignments, in physical terms, in the form of state plans and orders. Authors of the articles "The Distributive Mechanism and Production Effectiveness" (No 24) and "Fundamental Problems of Reform" (No 29) have already made this suggestion.

There are differences between a "task" and an "order" which are not merely semantic. The point is that the economic independence of a basic link requires a certain dissemination of the forms used in contractual relations for interrelations between the "center" and the enterprise. IN THIS CASE, THE ADMINISTRATIVE BASIS FOR PRESENT PLANNING TASKS IS AUGMENTED BY ECONOMIC INTEREST IN THE FILLING OF SUCH ORDERS, I.E., GUARANTEES OF PROVISION OF RESOURCES, SECURING OF SALES AND PROMPT PAYMENT AND, WHERE NEEDED, FINANCIAL, LOAN AND OTHER BENEFITS. At the same time each of the contracting parties is held responsible when it does not fulfill its obligations and for bad-faith decisions.

CONCERNING CONTRACTS

In order to give our enterprises more independence and responsibility we feel it is important that connections be made right away between them and the development of the state plan so as to give full play to initiative from below. But this initiative is recognized by the public, i.e., is reflected in the plan. To this end, the role of economic contracts is going to be enlarged.

WE ARE TALKING HERE ABOUT USING DIRECT LONG-TERM ECONOMIC TIES AS FORMS FOR STRENGTHENING CENTRAL PRODUCTION PLANNING AND DISTRIBUTING OUTPUT ON THE BASIS OF THE FIVE-YEAR PLAN AND ON CONTINUOUS CURRENT PLANNING.

It has been made more difficult to conclude delivery contracts prior to approval of the yearly plans because as the next year's plan draft is being developed, the enterprises are left with no clear-cut five-year plan production assignments, no ceilings on capital investments and critical material and technical resources, and no firm economic ties or stable economic targets. And even where these assignments are available, the five-year plan parameters are still not up to the task of providing full resources for the national economy. Thus, with the changeover from the yearly plan to the five-year plan, the 11th Five-Year Plan period has witnessed a reduction to less than one-sixth of the quantity of material balances and the number of distribution plans for the USSR Gosplan products list (from 2,000 to 330) and

a reduction to less than 2/52 (from 7,500 to 290) in the USSR Gosplan products list.

ANALYSIS HAS SHOWN THAT THE SEARCH FOR WAYS TO HELP THE FIVE-YEAR PLAN PLAY A PART IN PROVIDING THE NATIONAL ECONOMY WITH RESOURCES WILL LEAD, AS WE SEE IT, TO THE DEVELOPMENT OF DIRECT LONG-TERM ECONOMIC TIES AND TO THE CONCLUDING OF ECONOMIC CONTRACTS FOR THE FIVE-YEAR PLAN PERIOD BETWEEN ENTERPRISES AND THEIR INTERMEDIARIES.

It is apparent, however, that only a certain portion of all economic relations can be changed into such ties, since the objective bases for their organization consist in both the scope of production and the demand for specific products. For example, according to USSR Gosplan calculations, no more than one-third of the total volume of output deliveries can be converted into direct long-term economic ties, taking into account the number of direct producer-to-consumer deliveries per year.

The expansion of the number of these ties against the above-quoted figures have other objective limits as well. First of all there are the limits on itemizing the five-year plan as concerns its real output components which are followed by the danger of its being too strictly designed. The criteria for rationality in freight transport are no less important. Experience shows us that with regard to these criteria, no less than 20 percent of the direct long-term economic ties become ineffective approximately every 2-3 years.

Thus, a considerable volume of the planning of material and technical supply (no less than half) will rely on a funding system (of job authorizations) which is associated with the yearly plan, even where the direct long-term economic ties have been extensively developed.

As has been shown by experiment, THE LIMITS OF THE YEARLY PLAN, EVEN WHEN THE DEADLINES FOR ITS PREPARATION AND FOR THE COMPLETION OF ITS TASKS HAVE BEEN ACCELERATED, TURN OUT TO BE TOO NARROW AND MAKE NO PROVISION FOR THE INCLUSION OF CONTRACTS IN THE PROCESS OF DEVELOPING SAID PLANS. The central difficulty here is in securing the use of contracts at the plan's development stage. The sequence of developing a national economic plan needs to be changed in such a way that ministries, regional organs and particularly enterprises are given organizational opportunities and time to take an active part in drawing up planning decisions.

With this as a starting point, the basic planning outline, in our opinion, ought to be set up using the following extremely vital elements.

First of all, the five-year plan becomes the basis upon which all economic activity is organized, including the level of the enterprises, this being a necessary prerequisite to setting up uninterrupted current planning, direct prolonged economic ties and long-term contracts.

Second, economically advisable direct prolonged and long-term economic ties are being developed by every possible means

Third, there still remains the task of setting up uninterrupted current planning along "pre-plan--plan" lines. In this instance, the final yearly plan for the first year is approved. This plan is structured with consideration for agreed-upon contractual obligations between enterprises. The second year sees the acceptance of a preliminary plan (in the framework of the concretization of the five-year plan for the following year), as the basis for concluding preliminary agreements between enterprises not operating via long-term economic ties.

And this denotes the introduction, with the five-year economic contracts, of current contracts, to be structured along "pre-contract--contract" lines. This enhances the flexibility of current planning and makes it possible to avoid excess itemizing of the five-year plan indicators with regard to products list positions. In this connection, the practical approval of the continuous biennial production planning method which, starting in 1987, will be carried out in Minkhimmash [Ministry of Chemical and Petroleum Machine Building], seems extremely important to us.

The active stage-by-stage participation of the associations and enterprises in drawing up plans and setting up horizontal economic ties along "pre-plan--plan" and "pre-contract--contract" lines will create, in our opinion, conditions conducive to the top-priority supplying of material and technical resources and capacities for construction and installation organizations, and conducive to efforts for the technical re-equipping of enterprises and the construction of non-productive facilities, which is done independently by enterprises using their bank funds and loans.

Local Organs' Restructuring Influence

Moscow EKONOMICHESKAYA GAZETA in Russian No 47, Nov 86 p 6

[Article by a group of authors headed by L. Kozlov, chairman of the USSR Gosplan SOPS [Council for the Study of Productive Forces], doctor of economic sciences under the "Discussion: Restructuring the Economic Mechanism" rubric: "Soviets and Enterprises"]

[Text] [Editorial statement] We are continuing our publication of materials from the All-Union Conference "Problems of the Scientific Organization of Economic Administration" held this year in Moscow by the Central Governing Board of the USSR Academy of Sciences' Scientific and Economic Society and the Department of Economics, with the assistance of the CC CPSU daily paper EKONOMICHESKAYA GAZETA. Following are published abridged texts of the reports prepared by groups of researchers and specialists under the leadership of leading scientists and discussed at plenary and sectional meetings of the conference. (EKONOMICHESKAYA GAZETA No 46, pp 2, 4, 6-8; and in this issue, pp 6, 12-14).

In the course of restructuring the economic mechanism, we are faced with solving the problems of reinforcing the territorial approach to planning and administration, to imparting tremendous territorial purposefulness to the activities of USSR Gosplan and the ministries and to expanding the rights of republican and local agencies in the administration of construction, inter-

sectorial productions, the social and productive infrastructure and those enterprises producing consumer goods.

THE GROWING ROLE OF LOCAL SOVIETS

With the increasing economic independence of the basic link, improvements in the ways that local soviet and economic organs work with enterprises and organizations are taking on particular significance. The solving of the problem of coordination and cooperation in the activities of the enterprises situated in a certain territory requires, in these new conditions, the formation of a special organizational and economic mechanism, a decided form for mutually beneficial collaboration and legal and economic rights and obligations from the parties in carrying out joint measures.

The decree taken to implement measures for further enlarging the role played by the local soviets is crucial to the solving of the problems mentioned above. In light of this decree, the cause of efficiency would be served by limiting the competence exercised by the various administrative levels of the local Soviets.

The rights of the Soviets need to be guaranteed (in augmenting the normative regulations now in effect) with regard to their interrelations with the ministries and departments when approving the requisite indicators for the associations' and enterprises' plans.

There also needs to be further improvement in the work of the local executive and administrative organs concerning the securing of full-scale and effective development of the economy in the territory administered by them.

ECONOMIC REGIONS IN THE ADMINISTRATIVE SYSTEM

Along with the expansion of the rights of the Soviets of People's Deputies, the RSFSR's most urgent problem, that of administering the national economy throughout the major economic regions, is taking on particular significance.

There exist a number of different approaches and organizational procedures for providing a greater role for the economic regions in the planning and administrative system. The first approach involves developing the established regional administrative structure by setting up new territorial administrative subdivisions within the boundaries of the RSFSR's economic regions.

The second approach is based on the concept of reinforcing the economic administrative structures and in so doing has no effect on the established political and administrative division. In accordance with this concept we need to set up special agencies in the centers of the economic regions for administering the country's regional development, after having made these agencies responsible for executing the state regional policy and for carrying out tasks related to effective specialization and the comprehensive economic development of the larger regions.

The third approach to solving the problem lies in forming territorial production associations on the level of the economic regions (APK's [agroindustrial complexes], inter-sectorial productions etc.), which are directly subordinate to the central (republican) inter-sectorial administrative agencies.

Considering the varying degrees of urgency associated with strengthening the territorial aspect in controlling the economic and social development of the country's regions, it would be advisable to make use of all three of the above procedures for administrative improvement.

The strengthening of the territorial basis for administering the national economy will come about by setting up special-purpose administrative agencies (managements) in the large-scale TPK's [territorial production complexes], which will first of all have to plan and coordinate the work of all the enterprises making up a complex.

It would also be advisable to give these agencies the right to partially redistribute capital outlays among those projects under construction within the ceilings approved by USSR Gosplan, the right to pool the resources of the ministries and associations in order to set up a unified infrastructure of shares and the right to draw up proposals for draft plans for those enterprises and organizations making up a TPK. The TPK board of directors must be subordinated to an authorized representative of the USSR Council of Ministers for the economic region.

The improvement of the organizational structures at the various regional administrative levels is also related to the formation of large-scale inter-sectorial territorial associations.

TERRITORIAL PLANNING

The restructuring of territorial planning ought to enhance its effectiveness, and bolster the directive nature and coordinative role of the territorial plans on all administrative levels. The strengthening of the social purposefulness of the plans and the increased role of the economic normatives in centralized planning are of utmost importance.

The plan indicators for social development must be established for a territory taking into account the level of its economic development and the natural and climatic, demographic and social and historical features of the regions. This will require radical changes in the procedure for distributing capital outlays and material resources in the area of the providing services to the population.

The decisive role of territorial planning is being enhanced with regard to the setting up of regional requirements for scientific and technical progress, the utilization of natural resources and environmental protection.

A preliminary version of the territorial plan in the republics, oblasts, cities and rayons should be worked out. We also need to strengthen the territorial area breakdown of the national economic plan developed by USSR

Gosplan and the ministries and departments by union republics and by major territorial production complexes.

With the development of inter-sectorial administrative procedures, territorial inter-sectorial associations (of the TPK type), territorial production complexes and regional goal-oriented integrated programs have been set apart as planning objectives.

The implementation of these restructuring trends in planning is related to the review of the functions and the interaction of all the elements in the territorial planning system. The territorial area breakdown of the national economic plan must be this system's central link.

ECONOMIC LEVERS AND INCENTIVES

As concerns solving the problem of improving the placement of production and making territorial development more effective, enhancing the effectiveness of economic levers and incentives goes hand in hand with implementing those large-scale measures which impact on all elements of the economic mechanism. The main direction here should be the development and implementation of a balanced system of measures aimed at wage and price orientation, regular economic normatives, taxes, loans and other economic levers so that territorial interests are considered more fully at all stages and levels of substantiation and economic decision-making.

In order to boost the centralized effect on the placement of productive forces it is advisable to set up a central fund for more rational placement of the productive forces. Assets from this fund could be turned over to the ministries and departments to compensate for expenditures related to less-than-favorable management conditions in newly-developed regions, to relocate enterprises and to finance regional union-scale programs.

It seems in order for us to come to a precise definition of the territorial wage and price differentiation.

We would be well advised to expand the area of use and improve the payment procedures for manpower and natural resources and fixed production capital while taking into consideration the regional levels of outlays for their reproduction and the need to stimulate rational and full utilization of those resources which already exist.

In order to bolster the cost-accounting motivation of the enterprises and organizations of corresponding ministries and departments with regard to finding solutions to the most urgent regional problems, it seems that we need to:

--strengthen the economic sanctions against the practice of not putting facilities of regional importance into operation on time, against above-ceiling demands for natural and manpower resources and against environmental pollution;

--secure preferential loans for economic measures aimed at solving those territorial economic and social problems provided for in the plans, at introducing mechanization and automation in regions suffering from shortages of workers, at constructing purification works in those areas with polluted environments and at setting up installations for full-scale processing of raw materials and the utilization of production wastes;

--establish preferential payment standards for fixed production capital and norms for setting up cost-accounting funds for material incentives for enterprises operating in priority development areas and centers.

LOCAL BUDGETS

In the complex of norms which regulate relations within the "sector-region" system, the payment of a portion of the revenues from enterprises of the above subordination into local budgets is particularly important. In essence, these payments should fulfill the function of a normative aggregate payment, thus ensuring the reproduction of the regions' resource potential.

The adopted decree stipulates the setting up of a revenue portion from local budgets and organizations of union and republican subordination, but contains no specific directives regarding the extent of this allowance. A sequence for the transferring by industrial associations, enterprises and organizations of union subordination of a portion of their profits into local budgets will be introduced, and the practice of transferring a portion of the payments from profits from associations, enterprises and organizations of republican subordination into these budgets is being expanded as well.

As a rule, the foundation of the revenue portion of local budgets is made up of deductions from all-union and republican state taxes and revenues (which regulate said revenues). They amount to 80 percent and more of the budgetary payments. Local sources (revenues assigned for a particular budget) account for less than 20 percent of the payments.

A radical means for bolstering the financial independence of the local Soviets is by transferring local budgets to a mode of financing whereby revenue sources are permanently reserved for the local Soviets. The transition to such a system would correspond fully to the policy of developing and consolidating cost accounting in the national economy, to self financing and the development of initiative, enterprise and economic responsibility on all levels of economic activity. From the financial point of view, this problem could be solved completely, by setting definite amounts for the deductions from profits of all the enterprises, and even by fixing a turnover tax for the latter for certain types of goods. It is only important that these payments create equal opportunities for all administrative areas in identical circumstances. This would prevent the development of dependent attitudes and would create the prerequisites for initiative and activity.

With the transition of local budgets over to a proper revenue base, the procedure for examining and approving local budgets should be changed as well. Superior agencies could examine them only in such cases where there is a question of obtaining financial aid from the above agencies' budgets. In the

remaining formulation, the examination and approval of local budgets would be handled altogether on a local basis, thus enhancing the independence and responsibility of the local government and administrative bodies.

Enhancing the financial opportunities of local Soviets could be useful in the changeover of the local Soviets' relations with enterprises of superior subordination to a purely economic basis. For instance, local Soviets could be allowed to use an enterprise's resources to meet local needs on the basis of convenient agreements, with the enterprises being paid for their work. Where such payment is not possible, the Soviets need to be given the right to place before the ministry the question of keeping an account of their work, either proposed or carried out by the enterprise for the territory, in its plan under the "cultural and social development" section.

An experiment is being conducted in a number of the country's republics and oblasts, the goal of which is to work out a system of new mutual financial relations between local Soviets and those enterprises subject to higher authority. The essence of the experiment consists not only in the transfer by industrial enterprises and associations of mid-level subordination of a portion of their profits (10 percent) into the local budgets, but consists as well in strictly coordinating the revenue portion of the local Soviets' budgets with the results of the work done by the enterprises located in the territory under their jurisdiction.

Preliminary results of the experiment attest to the lack of definition of the interactive mechanism of the sectorial and territorial administrative agencies. No optimal correlation has yet been found in the distribution of the enterprises' profits among the ministry and local budgets.

The enhancing of the material and financial opportunities of the local governing bodies can also be accomplished as the result of implementing those measures which presuppose the organization of inter-sectorial and inter-economy territorial production associations in the regions. The experience and problems derived from their functioning and the results of the economic experiments ought to be made the subject of intent scientific study and interpretation.

Basic Links' Restructuring Role

Moscow EKONOMICHESKAYA GAZETA No 47, Nov 86 pp 13-14

[Article by B. Milner and V. Rapoport, doctors of economic sciences under the "Discussion: Restructuring the Economic Mechanism" rubric: "The Development of Administrative Organizational Structures"]

[Text] The transition to an integrated administrative system based on fortifying the economic methods of the planning leadership, on expanding the economic independence of the productive links and increasing their responsibility for the final results of their work, requires a substantial restructuring and ordering of the organizational structure of the national economy's administration on all its levels. In so doing, consideration must be given to increasing the scope of public production, to developing labor

specialization and cooperation, and to raising the energy level and increasing the complexity of the social and economic goals of our economic activity.

And there is this question: upon which specific positions and criteria do we need to rely in order to choose, in each specific instance, which valid organizational decisions to make? We can recommend the following to serve as such:

- full correlation of the rights granted to the administrative agency to manage resources and the agency's responsibility for their utilization;

- the concentration of total responsibility for achieving a certain final result from its work in a single agency (and with a single person);

- the elimination of the duplication of identical functions by different administrative organs;

- reduction to the minimum of the number of administrative levels at which decisions are made relative to a single final national economic result;

- shared responsibility for solving strategic and operational problems;

- provision of the utmost possible accord with regard to the objectives and interests of subordinate administrative organs;

- requisite joining of the rights to make decisions within each administrative organ with the responsibility for seeing that they are carried out;

- specialization in solving those problems requiring maximum uniformity of activity in so doing.

ORGANIZATIONAL FORMS OF THE BASIC LINK

The carrying through of the transition to economic methods of guidance and to the expansion of economic independence for enterprises and associations through self-financing and self-repayment objectively determines a radical change in their organizational roles within the national economy's administrative system. And in the final analysis, all authority and responsibility for the setting up and regulation of internal relations and communications with all those taking part in domestic production will to a great extent be entrusted to them. The multiplicity of organizational forms for the basic links and correspondingly the structures for administering them are increasing drastically.

As research has shown, the development of the economy's basic link will proceed in the following directions:

- a) Cooperation and concentration of production. This means consolidating the enterprises and associations. It also means setting up new associations by including within them those production, support and service links which participate part in the unified production and distribution cycle (science, development, procurement, production, distribution and operation) which is

oriented toward meeting definite national economic demands. This process can lead to the generation of hitherto unknown types of associations and enterprises or variations thereof. Variations of scientific and technical complexes, industrial trade associations and planning-industrial-construction organizations can be used as examples here.

b) Specialization and organizational isolation of productive units into independent enterprises, which means separating the procurement and repair works and setting up specialized capacities for the production of output for inter-sectorial applications, consumer goods and services for the population.

The sphere within which relatively small independent enterprises function effectively can also be expanded to take in, in addition to the production of consumer goods which are relatively uncomplicated as regards the methods by which they are manufactured, domestic services, standardized products for inter-sectorial use, and a wide range of products for technical and production applications, which has been made possible by the development of by-item specialization and specialization of manufacturing methods.

c) The merging of mid-level administrative bodies (such as the staffs of industrial associations, main administrations, territorial administrations, trusts) with subordinate facilities, and converting them hereby into economic organizations having the status of socialist enterprises.

d) The conversion, in a number of instances, of superstructural and maintenance institutions (research and planning institutes, information centers and bureaus, cultural institutions) into cost-accounting organizations which operate on the principles of a socialist enterprise. Here, they can be merged organizationally with each other or with already-operating economic organizations and to form, respectively, specialized or general-purpose sectorial or territorial associations.

e) The formation of specific new organizations and associations. They can, for example, perform services related to planning or to the assimilation of new equipment or manufacturing processes (by setting up printing runs of existing scientific and technical results), provide maintenance services in the area of material and technical supply or output sales (including the study of market conditions, advertising and warehousing operations), managerial consultation or the performance of specific functions (audits, the drawing up of complex programs, the rendering of returns).

These enterprises can also set up, on a contractual basis, non-traditional training for contractual associations, complexes, associations and councils. The main difference is that the organizations making them up undergo no changes in their organizational and economic state. They agree to perform joint economic work meant to attain the specific goals of assimilating new production methods, setting up the elements of a manufacturing infrastructure and utilizing wastes or production capacities which are not in use. In order to do this, a definite administrative structure is being formed based on an agreed-upon transfer of authority regarding individual questions and the setting up of cooperative funds consisting of financial assets or material resources. Contractual organizational structures markedly enhance the

flexibility of the administrative system on the level of the basic link and increase the economic potentiality of the economic organizations.

SECTORIAL ADMINISTRATION

The transition to economic administrative methods and the expansion of the economic independence of the basic link incur the need for a radical restructuring in the organization of sectorial administration. Here, the basic directions consist in the following:

1. The gradual elimination of those mid-level administrative bodies involved in the distribution of resources, the directive planning of production and the supervision of the operational activity of the enterprises and its intermediate results. The transition to a double-link administrative set-up, by which enterprises and associations are directly subordinated to an all-union or republican ministry.

In sectors whose work requires territorial coordination (production of locally distributed consumer goods, agricultural products and food goods, construction, power engineering, domestic services), and in the larger union republics, intermediate daily dispatching agencies can be set up on the level of the oblast or the larger regions. The prototype of such agencies are the inter-republican and inter-oblast coordinating centers (soviets) for the development and distribution of popular demand goods, the formation of which has been provided for by decisions regarding the continued expansion of the role of the Soviets of People's Deputies.

2. A radical change in the nature and essence of the sectorial ministries' functions and their relations with the central economic departments and subordinate organizations. All the rights and the responsibility for drawing up and balancing the plans related to economic, social, scientific and technical development have been given over to the ministries, as has the distribution of output, taking into account the enterprises' contractual obligations, for the introduction of new productive capacities and the utilization of the resources allocated to the sector. These problems are being solved within the framework of the norms and tasks of the five-year plan.

Under the new arrangement, the ministers no longer have to approve the plan assignments for subordinate enterprises and associations for most of their activities. They do have to see that contractual obligations are observed and to supervise the efficiency of resource utilization while guiding the sector chiefly by the double-link arrangement.

3. Re-examination of the make-up of those organizations with ministry subordination, and restructuring of the sectors' internal production structure. It is being proposed to concentrate within the ministries' organizational systems those capacities which ensure that certain national economic demands are met, which provide the optimal manner in which to specialize them, and which ensure the expansion of intra- and inter-ministerial cooperation.

4. Strengthening of the part played by leading ministries in managing technical development in producing the across-the-board output array and in supervising the effectiveness with which resources are used. During the transition to normative guidance methods, the influence of the organizational and departmental hurdles ought to be substantially weakened. This will provide the necessary prerequisites for effectively conducting a unified scientific and technical policy in all the enterprises and works having identical specialisms, regardless of their administrative subordination.

5. Consolidation of those ministries primarily responsible for the manufacture of identical output, for doing the same type of work and for achieving common final results. Thus, there has long been a need to simplify the general organizational set-ups of a number of heavy industrial sectors--coal, metallurgy and power engineering where up to now a number of enterprises and associations have been subordinated to the republic. No general principles have yet been defined for the administrative organization of the sectors of the agroindustrial complex, construction, the construction materials industry, or transport. This leads to duplication and parallelism in the economic leadership and to a reduction of responsibility for the reaching of national economic goals.

6. The formation of bodies to administer those groups of mutually interrelated sectors which make up the national economic complexes, i. e., the agroindustrial, machine-building, fuel and energy, construction, transport and construction materials complexes. At the same time, the structure of these bodies will develop, as will the centralization within them of their powers and functions regarding the long-term planning of an investment and technical policy, the development of intra-complex cooperation and the development of sector-wide standards.

7. The working up of organizational procedures for controlling the setting up and implementation of goal-oriented integrated programs of a sectorial and inter-sectorial nature.

In order to develop the organizational structures for sectorial administration of the national economy, we need to develop new schemes and re-examine those general administrative schemes now in use. The integrity of the entire system used to control the national economy and the consistency of its structure can be ensured through a mutually coordinated examination of the general schemes of administration of the productive and non-productive sectors (including science, material and technical supply and education). The same can be done for the administrative schemes used in the national economies of the union republics and for those which have been set up in the economic regions.

THE SECTOR AND THE TERRITORY

Improving the economic mechanism by beefing up the economic levers and increasing the incentives makes it possible to organize the administration of the national economy on territorial and local levels in a new way by making it as compatible as possible with the structure of the sectorial administration.

The basic link in the territorial administration's organizational structure is the staff of the ispolkom of oblast (kray) Soviets of People's Deputies, and in those union republics with no oblast divisions, it is the republics' councils of ministers and their departments.

The fundamental organizational role of these organs has been reduced to integrating the national economic interests into the localized tasks of full-scale social and economic development of the corresponding regions, and to implementing these tasks by using the resources of all those productive organizations operating in the territory. The powers and functions of the territorial and local administrative bodies must be structured not only and not so much along the lines of the administrative effect on those taking part in public production, but on the use of economic levers and incentives. This is based on the budgetary independence of the local Soviets, which ensures the introduction of taxes and payments from the production-related organizations for their use of local resources (manpower and natural resources and the services of the production infrastructure), which are deductible directly into the local budgets.

The budgetary independence of the territorial and local administrative organs allows them to enter into economic relations with all socialist enterprises and to place orders for products and services in prescribed fashion without turning to superior organs or using administrative levers.

The organizational structures of the local Soviets' executive staffs will, in the final analysis, include subdivisions which will conduct the planning and distribution of social services (housing, education and pre-school institutions). They will also guide the development and functioning of the social welfare and production infrastructure, and of locally subordinated enterprises.

The latter sphere of activity will have to be changed considerably compared to the manner in which the local industry administration is changing. Many such enterprises can be set up on a cooperative basis. It would be a good idea to set up special economic administrative organs to manage them.

In other respects, the principles for restructuring territorial administrative organs remain the same as for the sectorial organs. They are the integration and consolidation of departments, ministries and subdivisions thanks to the expansion of the supervisory sphere which was achieved by transferring the functions of operational regulation to the economic links. The elimination of intermediate administrative levels and the conversion of the mid-level links into administrative organs by the economic organizations. The forming of inter-sectorial and inter-functional administrative organs on a regional level. Rational delimitation of functions, rights and responsibility among all organs of the administrative apparatus.

THE ORGANS OF STATE ADMINISTRATION BY FUNCTION

The directions taken by the organizational restructuring of the functional organs of state administration are represented by the following:

1. The tasks and responsibility of the central economic departments, and mainly those of USSR Gosplan, are concentrated on finding solutions to the most critical problems of social and economical development, on improving national economic proportions, on realizing key scientific and technical problems and on setting up those conditions most favorable to the operation of socialist enterprises.

Sharp reductions in the administrative staffs within the structure of the central economic departments are becoming possible, as is the elimination of sectorial links and the formation in their place of integrated problem-solving, scientific-analytical, normative and supervisory subdivisions. The orientation towards comprehensive solutions to the long-term problems of social and economic development opens up prospects for the positive organizational integration of ministries and departments.

USSR Gosplan must, we believe, undergo a gradual change from a planning and distribution department to a production and economic organ which performs primarily mediation and production services related to material and technical supply, the setting up of processing and utilization of secondary raw materials, as well as seeing that material resources are used rationally.

2. There must be a radical improvement in the organization of the control of processes of scientific and technical development, and the role of such functional departments as the GKNT [State Committee for Science and Technology], Gosstandart [USSR State Committee for Standards] and Goskomizobreteniy [State Committee for Inventions and Discoveries] must correspondingly be changed. Their efforts should be focused on analyzing ways to solve compound production and technical problems in coordination with the general problems of economic and social development; on making forecasts related to scientific and technical progress and its social and economic consequences; on the organizational provision of conditions conducive to accelerating the initiation of production of scientific and technical achievements and their wide-scale published dissemination; on controlling the development of scientific and technical potential. This makes it possible to cut back on the number of staff personnel, to disband sectorial departments, to organizationally integrate departments and to set up integrated departments for finding long-term solutions to inter-sectorial and large-scale problems. Cost accounting implementing organizations and inter-sectorial scientific and technical, informational and consultative centers, subordinate to the GKNT, can be set up.

3. The organizational restructuring of the system for administering our foreign economic ties has to expand the powers of the sectorial ministries in the area of controlling production and scientific and technical cooperation with our foreign partners. We need to eliminate the bureaucratic dissociation and the duplication of functions now found in the management of the foreign economic ties among a great number of the central organs.

4. One of our most pressing problems concerns the distribution of functions, rights and responsibility among those functional departments which have come into being in the USSR: Gosplan, Gosplan and Minfin [Ministry of Finance], and the new organs which have been formed to administer our national economic

complexes: Gosagroprom [State Agroindustrial Committee], Gosstroy [State Committee for Construction Affairs], the USSR Council of Ministers Buro for Machine-Building, the Fuel-Energy Complex and Social Development. Here, we need to ensure that the economic independence of our enterprises and associations is expanded, as is the role played by the sectorial ministries in implementing an investment and scientific and technical strategy, in seeing that all types of productive resources are used wisely and in ensuring high rates and the most favorable proportions in the development of these sectors.

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INVESTMENT, PRICES, BUDGET, FINANCE

EXPERTS ANALYZE PRICE IMPACT ON TECHNICAL PROGRESS

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[Article by Professor A. Gogoberidze, doctor of economic sciences, department chief, Scientific-Research Institute for Prices, and B. Lakhov, RSFSR Honored Economist, department chief at the USSR State Committee for Prices: "Price and Effectiveness of Stimulation"]

[Text] Acceleration of scientific and technical progress and raising of production efficiency together with other measures for improving the economic mechanism calls for further improvement of the methods of comprehensive planning of the results of operational and financial activity and improvement of wholesale prices in related sectors of machine building, especially under the conditions of multi-unit cooperation of enterprises of different ministries.

In the field of price formation, tasks have been set to radically increase the effect of prices on production quality and to create favorable economic conditions for the utilization of its new highly effective forms.

Discussions conducted on the pages of the press on problems of improving planned price formation in the light of the decisions of the 27th CPSU Congress have for their aim the development of concrete practical proposals for raising the effectiveness of price formation--an important element of the economic mechanism. The solution of this task should be based on a comprehensive examination of the existing methodological bases and practice of price formation in interrelation with other instruments of the planned economy. Thus, in the economic press public materials appear in which it is pointed out, for example, that with the rejection of the old system of managing science and production, it becomes easier to select objects of development, to introduce comprehensive planning, and to link the interests of developers, technicians of design bureaus and production shops. As a result, the "research--production" cycle and production cost are reduced. The latter in their opinion conflicts with the planning of growth volume of production volume indicators. Such a situation can arise only in the event that the product sales plan compiled on the basis of the preceding year does not take into account the structural shift characterizing the result of planned renewal of production. Economic indicators as well as technical ones should be

comparable so that an erroneous picture of the state of affairs does not arise.

Inasmuch as the heart of the discussion is problems of intensifying the impact of price mechanism on all-out acceleration of scientific and technical progress and raising production quality, we would like to devote special attention to what has been accomplished in this direction and what the effectiveness is of the mechanism of price stimulation operating in the national economy.

The technico-economic potential of new machines, equipment and instruments and their economic effectiveness are formed in the initial stages of planning and designing. It is important for new equipment at an early stage to undergo testing for feasibility of the adopted design and technological solution.

A very important economic indicator of such a selection is the size of the economic effect determined at all stages of new-equipment planning--from development of technico-economic validation and the planning (designing) assignment to the start of series production. Thus at the stages of development, calculations are determined of the limit price, ensuring for the purchaser a relatively low cost of the new equipment per unit of useful effect and of national-economic effect--on the basis of its production and use. At the stage of compilation of working documents, a more accurate size of the economic effect and the possible size of an incentive wholesale price markup are determined.

The purpose of using limit prices is to restrict growth of production costs and ensure a relative reduction in the price of the product for the user. It is namely at this stage that the developer of the new design jointly with the customer adopts a decision on the level of the limit price and the size of the economic effect. Without such verification, the new equipment may not be accepted for production. If at this stage, it is determined that the planned cost does not ensure the economic effectiveness of the developed item, then the planning organization reviews the adopted decision for the purpose of reducing the price of the new equipment or improving basic technico-economic parameters.

Taking into consideration the importance of the planning stage in the accomplishment of national-economic and sectoral plans of creation and introduction of new equipment, it is customary to register limit prices for the most important types of machine-building products at the USSR State Committee for Prices. In the subsequent transition to series production and approval of wholesale prices for this equipment, their level as a rule cannot exceed limit prices and the planned (normative) cost of the new item--the planned cost. The practice of registering limit prices with price-formation organs shows that it has been found necessary to introduce corrections for almost each new item to the prices proposed by the manufacturing ministries and consumers and in some case to refuse them if ineffectiveness of the planned new equipment is disclosed. For example, on the basis of the results of an expert examination, prices were reduced for the DG-600A diesel generator by 23.9 percent and for the DG-800A by 24.7 percent, for the Belaz-75211 dump truck, with a load capacity of 170 tons, by 15.6 percent and so on. In the

given case, price formation organs assume the role of public examiner of the effectiveness of the adopted design and technological solution, but the services of the State Committee for Science and Technology, Gosstandart, ministries and departments insufficiently participate in discussing this important question.

Before the start of series production of new equipment on the basis of the adopted decision of putting a product into production and registering the normative-technical documentation on the basis of socially necessary outlays of labor, the wholesale prices are approved.

We know that economic science has as yet not developed satisfactory methods for computing the size of socially necessary outlays of labor connected with the production of specific consumer values. Consequently in national-economic planning, accounting and price formation, production cost indicators are used as an economic normative of outlays of live and embodied labor.

Recently, the effectiveness of price stimulation in production of new equipment has been tied to significant changes in the principles of determination of sectoral production cost reflecting socially necessary conditions for the production of new products and norms of profitability.

For the purpose of compensation of all economically valid expenditures of live and embodied labor, normative production cost, reflecting planned outlays of the first year of series production of the new equipment, is used in price formation. As a result, in accordance with expansion of series production, growth of the scale of production of new equipment and improvement of its technological process and labor organization, actual profitability increases. In other words, work at enterprises and associations on reduction of production cost conducted within the limits of the time of operation of a wholesale price is materialized in the form of growth of the sum of the profit and the profitability level.

In the economic literature, it is frequently asserted that prices in practice are allegedly set on the basis of individual actual expenditures of enterprises. From this, the conclusion is made that prices are fixed by an irrational technology, technical backwardness and even mismanagement of some enterprises. Under conditions of predominance of production product specialization in machine-building sectors, individual expenditures in a number of cases truly have their place and serve as an initial basis for price calculation. However, expenditures on preparation and starting up of production of new equipment are compensated through the united fund for the development of science and technology or the fund for introduction of new equipment. Normative production cost inevitably reflects planned targets for reducing labor, material and financial expenditures set by enterprises and associations and does not take into account expenditures of technically backward enterprises as well as costs connected with violations of the technological process and normative periods of starting up production output.

Increasing the soundness of indicators of expenditures of material and labor resources on new equipment is helped by their appraisal on the basis of data

of relative material intensiveness, power intensiveness and labor intensiveness recorded in standards and technical conditions.

In practice, ministries and their enterprises try to drag in by any means economically unjustified hiked prices. Thus, the USSR Ministry of Radio Industry presented a draft wholesale price for the YeS-1065.01 electronic calculator with which wages in calculations would have been boosted roughly by 43,000 rubles, or 27 percent.

Recent improvement of the principles of including net profit in the price has been attained by means of the following change in the methods of computing profitability norms for new equipment:

the norm of profitability is set for production cost after deduction of material costs (that is, in proportion to own expenditures), which diminishes the interest of enterprises in producing products from expensive material and with heightened material intensiveness;

for new high-efficiency equipment, certified for the highest category of quality, the bulk of profit included in the wholesale price is set no lower than for the replaced item;

in case the new high-efficiency equipment is not intended to replace previously introduced equipment, its profitability should not be lower than that planned and set for the manufacturing enterprise for the year of introduction of the new item;

deviation from the normative size of profit is permitted only in the case of output of new machines and equipment with lower material and labor production expenditures. As a result, the entire achieved economy remains with the producer inasmuch as prices for such products with lower material and labor intensiveness are determined on the level of existing prices for the equipment being replaced.

The adopted measures are aimed at creating for the producer uniformly profitable conditions for the output of new high-efficiency, less material-intensive and labor-intensive equipment compared to comparable equipment being produced. For example, in improving designs of three-phase autotransformers with a 200-kilovolt capacity at the Zaporozhtransformator Production Association imeni V.I. Lenin, their weight was reduced by 37 tons with simultaneous reduction of losses from no load operation. This made possible additional savings of electric power during operation. Consequently in 1985, setting prices for a new autotransformer on the level of the base item as designated by the price-formation system for new equipment and price (computed per unit) at the producer enterprise will increase more than threefold because of the reduction of production cost. Furthermore, an incentive increase was set in the amount of 13,300 rubles (that is, 50 percent of the economic effect). Such additional profit because of a 1.5-fold markup exceeded the entire profit obtained by the enterprise for an earlier introduced item. (Footnote 1)

The absence of an analog in production and use of essentially new equipment makes necessary the establishment for it of temporary (for a period of 1 to 2 years) wholesale prices depending on the length of time of introducing serious production. The level of these temporary wholesale prices reflects the planned cost of the first year of production and the profitability set for the producer enterprises for the first year of manufacture of the new products but not below normative prices for similar groups.

Such a manner of determining planned profitability of essentially new equipment aims at the creation of economic conditions in which the producer (computed per product unit) does not have profit losses from shifting to the manufacture of new products.

It should be understandable to the researcher and practical worker that prices cannot be demanded to provide for enterprises producing the new equipment the retention as a minimum of fixed cost indicators of production. After all, basic economic indicators of enterprises, associations and sectors characterizing production cost (gross, commodity, realized) as well as the bulk of the profit depend on two factors: production output in physical terms and the price (profit) of a product unit. If in the existing methodology of price formation, it is provided that in the transition to production of new equipment its price and obtained profit per product unit cannot be lower than the replaced, analogous item, then the only reason for a deterioration of economic indicators for the producer would be a temporary drop of the absolute volume of production of new products in physical terms compared to old equipment.

Thus only planning on what has been attained creates conditions in which cost indicators of the producer's production results deteriorate and on this basis a system of automatic economic constraint and material reduction of incentive begins to operate. We believe that this facet of the process of bringing new equipment into production under the conditions of reorganization of the economic mechanism requires improvement.

The stereotype approach that has developed among a number of economic managers to determination of the reasons for slowing down of the process of bringing new equipment into production is perplexing when it is affirmed that all troubles stem from prices. Such an approach does not contribute to the elucidation of the real, root reasons for the negative economic happenings. Some economists try to resolve all the contradictions of economic practice through "inflation" of prices for new equipment on the pretext of creating normal economic stimuli for its production.

Naturally, each restructuring of production requires additional expenditures. Reference should be made to their effectiveness and not to "juggling" prices for the sake of an imaginary favorable condition of new equipment production. It ought to be noted that the excessive division of actual norms of profit for types of equipment has come about because of past methods of management. Consequently, the pointed criticism voiced in regard to this question in the discussion by N. Chekhlov, A. Deryabin and A. Simonyan is valid. (Footnote 2)

At the present time, the point of view is rather widespread that prices ostensibly are of a "cost" character and for this reason cannot be considered as a real stimulus for boosting effectiveness and accelerating the rate of scientific and technical progress. We would like to note that price as a monetary expression of cost reflects outlays of public labor (live and embodied) included in the commodity.

The existing methodology and practice of price formation look upon price as a social norm of labor outlays and efficiency. The most important methodological principle of price formation being consistently realized in practical work is that wholesale prices for new equipment are set within the limits of its effectiveness while taking into account the reimbursement of all normative expenditures for the manufacture of new products and reflect its technical level and quality.

Thus the assertion that prices reflect only labor outlays and do not take into consideration the economic effectiveness of products and their consumer values is based on economists' inadequate knowledge of existing methodological provisions of price formation. In the current practice of price formation, different forms of realization of the principle of reflecting in prices efficiency of equipment depending on the character of replaceability and the degree of newness of new machines and equipment introduced into production and into the sphere of use have long been employed.

The diversity of technico-economic parameters of tools of labor calls for the development of a universal indicator used for evaluating the validity of wholesale-price changes, expenditures and consumer values of products. Such in our view is the useful effect of new equipment by which is understood the cost valuation of growth of the aggregate of technico-economic indicators of the new equipment compared to the similar, replaced equipment. This provision is incorporated in existing methodological documents relating to price formation. We cannot agree with economists who assert that up to now there has not been a clear definition of the concept "useful effect." Most often it serves to mean some single indicator of consumer values (productivity, load carrying capacity, capabilities, speed and so forth).

In evaluation of the useful effect of new equipment, the following components are taken into account: productivity, durability and effectiveness in the sphere of use (reduction of annual expenditures for the user). It has not been a matter of indifference to socialist society for a long time as to what factors and what social expenditures are responsible for growth of the useful effect of new equipment.

At each stage, certain magnitudes of useful effect are formed in the national economy, its structure and size of aggregate expenditures of live and embodied labor reflecting technical policy and the degree of realization of the scientific and technical reserve created in one or another sector. The chief criterion of the economic validity of new-equipment price is the indicator of its relative price reduction (reduction of price per unit of useful effect).

Calculations show that for 1977-1985 a relative price reduction in the amount of 15-30 percent depending on particular sectoral features was achieved on the

average for all new machine-building products. In this way in setting wholesale prices, accelerating growth of efficiency of the new equipment compared to its cost took place, resulting in making the new equipment cheaper per unit of useful effect.

During the years of the 11th Five-Year Plan, a marked change was observed in the useful-effect structure of new equipment: the share of constituent productivity and durability (43.2 percent) grew, while the share of useful effect due to change in current expenditures of the user (52.2 percent), capital-investment economy (4.5 percent) and other factors (0.1 percent) was reduced. This attests to the fallaciousness of the theoretical point of view and the untenability of the practical point of view of the widespread opinion among economists that it is possible to judge movement of prices of new equipment on the basis of its principal technical parameter (for example, the relative share of a unit of productivity, capacity and so on). Evaluation of new equipment not on the basis of the aggregate of technico-economic indicators but on the basis of one of them narrows down the economic limits of introduction of machines.

But basically all the participants of the discussion were united in regard to one thing--narrowing directions and ways of restructuring price formation. They refer to the need for increasing the substantiation of the size of the national economic effect from the production and use of new equipment. The existing procedure of calculating the economic effectiveness of new equipment was approved back in 1977 and naturally its revision is needed, taking into account the new tasks facing the national economy.

In our view, deficiencies in price formation are determined in significant measure by the inadequacy of the methods of evaluating efficiency of new equipment and its accounting. Frequently the size of the effect is overstated. Irresponsibility of manufacturers and users in the case of its agreement, the passive role of the State Committee for Science and Technology in this question, lack of practice in calculations of actual effect and so on are observed. All this directly affects prices and provides grounds to criticize their existing system. We would like to dwell on two of its aspects which are important under present conditions: improvement of theoretical bases and methodological principles of recording the economic effect of new equipment and overstatement of the calculated effect by manufacturers.

At the Economics Institute of the USSR Academy of Sciences (under the leadership of Academician T.S. Khachaturov) and at the Central Economico-Mathematics Institute of the USSR Academy of Sciences (Academician N.P. Fedorenko) variants were prepared during 1983-1985 of methods of determining the economic effectiveness of new equipment and comprehensive assessment of the effectiveness of technical progress based on contradictory, mutually exclusive theoretical and methodological principles. The lack of a single generally accepted method has a negative effect on planning economic calculations and validations for the national economy. It also unfavorably influences price formation. We think that it has to be surmounted as soon as possible since the validity of selection of spheres of use of new equipment depends on the validity of the new method and errors are reduced in practical work calculations.

The second aspect of the problem is connected with overstatement by producers of the calculated effect, which is evinced by the materials on price validations for new products. Analysis of calculations of the economic effect conducted by price-formation organs in connection with registration of limit prices and approval of wholesale prices for new equipment shows that its size adopted in calculations of prices of machine-building products is as a rule significantly lower than the efficiency indicators agreed upon by producer and user. Thus the actual economic effect has been found to be below the calculated one presented by the Ministry of Heavy and Transport Machine Building to the USSR State Committee for Prices for a continuously operating machine for tightening and lubricating terminal and clamp bolts of small-size calm-type loaders by 44,000 rubles (24 percent), the ET-5M tunnel escalator by 41,000 rubles (71 percent), the GST71 SOK screen by 78,800 rubles (95 percent) and so forth.

The question arises: what is going on here and why is such a tendency observed? At the present time the chief source of stimulation of scientific and technical progress is the national economic effect from the production and use of new equipment whose size variously influences the form and methods of material stimulation of different parts of the production chain "planning--production--use" of new equipment. For example, the work of sectoral scientific-research institutes and design bureaus is evaluated on the basis of the annual economic effect ascribed to development costs, and their workers are stimulated on the basis of the size of the national economic effect of the created new equipment.

The system of material stimulation of the maker of new equipment is based on additional profit coming from incentive markups to wholesale prices directly connected with economic effectiveness. Stimulation of the user depends on reduction of production cost achieved with the help of the new equipment.

A significant defect exists in the practical work of performing calculations of economic effectiveness of new equipment due to the lack of a special organ for planning and taking into consideration and coordinating indicators of effectiveness. After all, bonuses of workers of scientific-research institutes and design bureaus, the level of wholesale prices and incentive increases, soundness in the selection of a construction and design decision, investment policy and so forth depend on the extent of economic effectiveness. The paradox is that the user frequently is indifferent to the soundness of calculation of the economic effect since the existing procedure of planning and financing expenditures on expansion of reproduction automatically takes into account the cost of the new product (including the markup to the price) in the estimates of capital construction.

Development of the principle of self-financing and the shift to wholesale trade of the means of production in our view require of all planning organs a radical change in monitoring economic effectiveness of new equipment. Some economists believe that the size of the economic effect influences only the size of incentive markups to the price of new equipment. At the same time, the economic effect predetermines first of all the level of validity from the national-economic point of view of production costs and consequently prices.

For this reason, distortions in calculations of effectiveness may result not only in unjustified stimulation of the producers through incentive increases for the production of inefficient equipment but also contribute to putting it into production. In this connection, it is important that in validation of wholesale prices and in calculation of the economic effect operational and social parameters incorporated in normative technical documentation are taken into consideration and the producer bears the responsibility for their observance.

We know that for new highly efficient equipment corresponding to the requirements of the highest category of quality and depending on the national-economic importance of the product incentive increases may be set in the following amounts: 70 percent of the economic effect but not more than 30 percent of the wholesale price for new generations of machines and equipment and respectively 50 and 15 percent for other new and modernized products.

Methodological principles of determining incentive markups to wholesale prices have been periodically corrected in connection with measures implemented in the country for improving planning and economic stimulation of production of new equipment. This attests to adequate flexibility of the given form of price stimulation for boosting its technical level, quality and effectiveness.

During 1977-1985, the level of incentive markups to wholesale prices (determined on the basis of the size of the economic effect) grew roughly fourfold, which reflects the systematic growth of the share of prices with markups in regard to their total number for new equipment as well as the increase of that portion of the economic effect of new equipment which in conformity with the used methodology of price formation through additional profit is directed at stimulation of production. In 1985, each second item of new equipment was sold for a wholesale price with an incentive increase whereas in 1977 this indicator, for example, for machine building amounted to 25 percent and the level of the increases on the average for machine building exceeded 10 percent of the wholesale prices with a differentiation from 7 percent for the USSR Ministry of Machine Tool and Tool Building Industry up to 27.3 percent for the USSR Ministry of Machine Building for Animal Husbandry and Fodder Production.

Changes in the level of incentive increases with respect to wholesale prices reflect the dynamics of efficiency of the new tools of labor. For the machine-building ministries as a whole, the sum of incentive increases for 1977-1985 grew from 0.15 billion to 1 billion rubles. At the same time, additional profit of 11 machine-building ministries from the sale of new equipment with incentive increases for the same period grew from 1.6 to 7 percent. Up to 70 percent of the additional profit goes into the economic stimulation fund of developers and devisers of new equipment--scientific-research institutes, design bureaus and producer enterprises.

In 1985, about 3,000 prices were approved for new equipment with the use of incentive markups. Analysis of the data on substantiation of prices for the new equipment showed that despite the additional economic stimuli, machine building still inadequately utilizes new equipment exceeding the best foreign

models. Consequently maximum increases in the amount of 30 percent were established only for an insignificant price list of products--2.4 percent of their total number, which attests to the low economic effectiveness of design and technological developments.

A no less important means of stimulating renewal of products should be reductions of wholesale prices for obsolete products. At the present time, compared to 1977, the minimum sizes of deductions have been increased threefold. But such a form of economic influence on producers of products has still not become widespread because of the subjective effect of the system of quality certification of products of the production and technical type. An additional factor of intensification of the influence of discounts in the system of price stimulation of scientific and technical progress has been measures for introducing discounts for products of the first category of quality as of 1 January 1986.

Acceleration of scientific and technical progress and unevenness of movement of socially necessary costs in sectors and subsectors make necessary according to types of products the submission of changes in the level and correlation of prices for machine building products with a varying degree of innovation and effectiveness. This presupposes requisite mobility of the system of prices for means of production in the interest of the entire national economy. But here the problem arises of the interconnection of price and plan. The state invests large funds into machine-building development, and a real return should be reduction of prices for its products. Consequently, it would be useful to establish for ministries in 5-year plans targets relating to reduction of wholesale prices for the most important types of equipment. The results of scientific and technical progress in the field of price formation should contribute to reduction of production cost for the consumer inasmuch as constant prices can bring about stagnancy in technical policy. In this we completely agree with the proposals enunciated earlier by A. Deryabin. (Footnote 3)

The transition to new methods of management is connected with the development of economic norms for the 5-year plan, particularly norms of formation and distribution of profit. Inasmuch as the main task of restructuring is boosting effectiveness and consequently increasing the growth rate of profitability, depending in turn on the price level, it is a question of their role as measurers of the expenditures' effectiveness.

In the course of plan accomplishment, individual targets because of objective conditions can be corrected. Consequently cost-accounting conditions of the operation of enterprises should be estimated while taking into account the dynamic character of the economic norms. For sectors with high development rates, the question of time periods of operation of wholesale prices is of major importance. For example, in instrument making and electronics, the gap between prices and socially necessary expenditures occurs earlier than in other sectors. With constant prices and an accelerating growth of production volume, this process will speed up, which in its turn will bring about growth of production cost with the use of new generations of precise instruments.

For such sectors, planned reduction of prices as the result of technical progress is quite normal, which is confirmed by world practice. Certain corrections of cost indicators of plans connected with the production output according to experimental design documentation continue to be inevitable.

An important way of improving price formation is development of production cost norms in the context of types and elements of expenditures. Here first of all it is necessary to critically understand the existing situation and to determine the measure of progressiveness of the norms. First of all, norms of expenditures should be developed on the basis of the elements of the expenditures and wear of special equipment and the correlations of conditionally variable and conditionally constant production expenditures should be determined.

Special meaning in the struggle for quality is to be found in reduction of norms for defective output and expenditures on guaranteed repairs determining technical unavoidable losses at some production facilities and also connected with correction of defects during the period of guaranteed period of operation of products. According to existing procedure, actual expenditures for guaranteed repairs go under the subhead within the limits of established norms and in the exceeding part under the results of an enterprise's economic activity. The absolute sizes of technological losses, losses from defective output and costs of guaranteed repair, especially in the production of various apparatus are such that in our opinion the question should be raised of how inevitable these losses are and from what sources they should be compensated. All in all, under present-day conditions, the degree of working out to the last detail the technological process, discipline of their use and responsibility for adhering to technico-economic indicators specified in the technical documentation of products as well as objective control over ensuring conditions of operation constitute one of the chief problems of industrial enterprises.

Further improvement of the use of funds for introduction of new equipment and the single fund for development of science and technology are of major importance. It is necessary to analyze practice in this work, to create conditions ensuring clear differentiation of financing from appropriate sources of scientific-research and experimental design work in experimental and individual production and not to permit their mixing.

There should also be ensured methodological unity of the principles of distribution of costs among individual types of products and the comparability of the composition and structure of expenditures of different enterprises on the production of uniform products. Analysis of calculated data presented in validation of plans of prices shows that on the whole certain enterprises have not gotten rid of a dependent approach to the expenditure level. It is necessary for collectives of economic services connected with working out norms and prices together with economic managers to wage a decisive struggle against cases of setting too high planned calculations of expenditures of materials, labor intensiveness and technological losses and to regard them as production waste in their work.

Expansion of the rights of industrial associations and enterprises in the field of fixing prices for the list of products of intersectoral use at the same time sets the task of strengthening control of planning organs of ministries over their cost.

FOOTNOTES

1. VOPROSY EKONOMIKI, No 4, 1986, pp 31-32.
2. PLANOVoye KHOZYAYSTVO, No 8, 1986, p 54.
3. Ibid., p 58.

COPYRIGHT: Izdatelstvo "Ekonomika". "Planovoye khozyaystvo". 1986.

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AGRO-ECONOMICS, POLICY, ORGANIZATION

KOLKHOZ, SOVKHOZ SELF-FINANCING EFFECTIVENESS EXAMINED

Moscow PRAVDA in Russian 12 Nov 86 p 2

[Article by Vladimir Somov: "Self-Reimbursement--Economic Survey"; first paragraph is PRAVDA introduction]

[Text] Until recently, this word was rarely encountered in the use of rural economists. At the time of the radical restructuring of agroprom, self-reimbursement was discussed in a full voice. The changes taking place in the countryside open up for every kolkhoz and sovkhoz the possibility to manage effectively. The 27th party congress set forth before APK workers a task--to develop production, to solve social problems, to increase profit and income, and to stimulate labor primarily with its own resources.

OUT OF A VICIOUS CIRCLE

It may happen that a person wanders and wanders in a forest until he returns to the place where he had started his walk. A vicious circle. The Belgorodskiy Znamya Kolkhoz for long years found itself in the position of having lost its way. There was no way it could make it back to the cherished high road. It would be good to boost crops and milk yields, but the people were few and earnings were low. It would be good to increase incentives, but where would the money come from when there was no profit? Such was the vicious circle.

In the oblast, hundreds and throughout the country thousands of farms have been unable to make ends meet. The party at the May (1982) Plenum of the Central Committee adopted decisive measures for revitalizing the rural economy. The objective was to put it on course in regard to genuine cost accounting so that such terms as price, production cost and profit acquired a full-blooded content. That same Znamya Kolkhoz due to raising of purchase prices and markups began to get 1.8 million rubles annually from the state. It started to operate intelligently. Its own funds made their appearance and they are going into modernization of animal-husbandry sections and improving the fertility of fields. Intensive methods are being adopted. A ruble of a subsidy turned into 2 rubles of net profit. It became easier to solve many production and social problems. The kolkhoz changed over to self-reimbursement.

What does this mean? Costs are fully covered by income from the sale of products. Debts have been reduced. There is no need for markups to purchase prices. Yet are there many farms in the country that have unfolded, as they say, their wings and taken the route of consistent profitability? According to data of USSR Gosagroprom, today 14,000 kolkhozes and sovkhoses are operating with self-reimbursement. Another 9,000 farms are closed to this level.

But there also are unfortunately other statistics. Many kolkhozes and sovkhoses still are undergoing losses. Almost 3 billion rubles were irrevocably lost in the past year. True, they are covered by 21 billion rubles of profit. But the great large bulk of it goes to roughly one-third of the farms. At the same time, in the Baltic republics, Leningrad, Lipetsk and Brest oblasts, losses in the countryside have been eliminated, but the number of unprofitable kolkhozes, sovkhoses in Kalinin, Orenburg and Chita oblast in the past 3 years has doubled and here and there tripled.

It turns out that financial assistance is not to everyone's advantage. And least of all to those who have not achieved growth of productivity in the fields and animal-husbandry sections. But why is it that at some kolkhoz or sovkhos harvests and milk yields are on the point of "freezing?" Zonal systems of operating a farm are not being utilized. Intensive technologies have sometimes been introduced only on paper. A cool attitude is displayed toward scientific achievements. Thus yield of cultivated fields is low despite the investment in them. On the other hand, production cost is growing.

At the same time, reduction of production cost is the main instrument of transition to self-reimbursement. At the Penza Put K Kommunizmy Kolkhoz production is becoming less expensive from year to year. Rigid, scrupulous control, and direct dependence on pay based on end results--this is what cost accounting is based on here. Costs are not only being recouped but also produce net profit. The "fat" from a quintal of grain is 8 rubles, from milk--9 rubles, beef--5-10 rubles and pork--47 rubles. This money goes into the development of the farm, including the construction of housing, children's institutions and roads.

But what is it that prevents others from recouping their costs? Inefficiency, mismanagement? To a considerable extent, yes. But there also are other reasons.

THE RIGHT TO TAKE A RISK

When examiners from the former USSR Ministry of Agriculture asked one sovkhos director what requests and wishes he had for the personnel of the ministry, he replied:

"To eliminate the position of farm director."

The members of the commission looked at each other in bewilderment.

"No, I did not make a slip of the tongue. What need is there for me, if everything has been decided for me," and the director pulled out of his desk bulging folders.--"For anything that could happen."

A joke? Not entirely. Even now, in the midst of restructuring in the countryside, most former instructions are still in effect. Take, for example, the prohibition to acquire goods with a cash payment. Electric lights have burned out at the animal-husbandry section, but you cannot buy them at the nearest store. So you wait until the suppliers receive from the stocks of the next quarter or even year. And how many plain drawn out proceedings with the delivery of low-productive cows!...

The decree of the party and the government on improving the economic mechanism was greeted with tremendous satisfaction. But how many more efforts still need to be applied for kolkhozes and sovkhoses to be able to fully utilize their rights.

Take the following. The sale of part of planned and above-plan production at markets would not appear to be a difficult matter. Everybody benefits--the state, the farm, the consumer. All that is needed is to organize trade properly. But kolkhozes and sovkhoses were able to sell only about 2 percent of fruit and vegetable products at agreed upon prices. So as you see, even rights that have been granted need to be ably used.

There can be no genuine cost accounting without independence. But even to this day at some rayon agroindustrial associations sown areas are being crossed out in industrial financial plans and "their own" figures are written in. Why? "The target was reduced for us from the oblast," the answer follows. At the oblast agroprom, they inevitably assure us: "The crop plan was determined by the republic."

"It sometimes seems to me," said G. Usatov, chairman of the Enbekshikazakhskoye RAPO of Alma-Ata Oblast, "that we are more concerned with hectares, with number of head than with production and actual products."

"In the thirties, targets for republics and oblasts for the spring sowing appeared in central newspapers. Possibly this was justifiable in those times. But today what need is there to apportion areas? However, some people still hold on to obsolete planning methods."

"Of course, today when plans, the payment fund, payments into the budget and much else will be determined on the basis of norms, the possibilities of shifting to full self-reimbursement have been significantly expanded. Economic levers will encroach on petty concerns and will free managers of the need to solve by roundabout means those or other questions. How often a chairman or director ostensibly because of good incentives is obliged to agree to obvious violations. Where is the line between enterprise and empiricism without principle? A law is needed that would clearly define the concept of economic independence and guarantee to the rural manager the right to take a risk. This is why they await at the agroprom with such hope for a position on the director of a sovkhos or a chairman of a kolkhoz."

IS THE STIMULUS A REAL INCENTIVE?

Self-reimbursement financing is unthinkable without ponderable stimuli. Actually, why should a sovkhos strive for high profitability if the main portion of the profit is subsequently taken away? Even economic stimulation funds were formed according to a plan that was the same for all, not taking into consideration the needs of a farm. From now on, after payments into the budget and payment of interests for loans, at the sovkhos they themselves at their own discretion will start using profit, including its net surplus. It is true that some economists are upset (and truly not without reason) by one of the paragraphs of the Statute on RAPO where it says that an association may withdraw surpluses from working capital. This is not to the advantage of farms.

The possibility of freely managing earned money lends confidence to the manager. Self-reimbursement is bolstered by real stimuli. But how will this money be put into circulation? Try, for example, to buy what you need--machines, construction materials, spare parts. Of course the supply problem cannot be solved in a day. But the need for free, fundless sale of resources at the agroprom is becoming increasingly more obvious.

A reliable stimulus for self-reimbursement is bound to be payment on the basis of end results. Let us compare two farms. Although they are located next to each other, productivity of the fields and animal-husbandry sections in one, let us say, is double that of the other. And the pay for machine operators and milkmaids? It is often the same and sometimes even higher for the laggards. Now with normative planning of the wage fund it would appear that distortions would be eliminated. A procedure of calculating norms for determination of the wage fund went from USSR Gosagroprom to the localities. It recommended a basis using pay expenditures in prior years. Does this mean again on the basis of what was achieved? At a lagging farm, a quintal of production will cost more. It would seem that some economists do not want to part with the habit of living while looking back at yesterday.

But are there farms capable not only of profitably managing their work but also of doing entirely without budget allotments and living entirely on their own money? Without a doubt there are. They are able to independently earn money for expansion of reproduction.

WITH THEIR OWN MONEY

What kolkhozes and sovkhos are capable of self-financing? Scientists would say farms with a profitability level higher than 40 percent. At present roughly every tenth kolkhoz has achieved this indicator and is able to get along without assistance from the state. Of course, for leading farms to develop exclusively with their own money, it will be necessary to regulate their relations with the bank and higher-ranking financial organs. In other words, the transition to self-financing needs to be legislated. This question is being carefully studied at USSR Gosagroprom, and the first results are being generalized from the economic experiment at Stavropol Kray and Vologda

Oblast where farms have already been directed to carry out expanded reproduction with their own funds.

It is assumed that the transition to self-financing will begin gradually. Will the farms then be able to make use of bank loans. Yes, specialists believe, but with the indispensable condition of a 100-percent guarantee of timely return.

The road to self-reimbursement and then to self-financing, as has already been noted, lies through reduction of production cost. It grows for various reasons, including reduction of investment reimbursement. During the last 5-year plan, for example, an additional 34 rubles were invested in each hectare of grain crops, but there was no success in boosting yield.

The opinion exists that growth of expenditures and production cost is inevitable. The Stavropol people, who adopted the new economic mechanism before the rest, convincingly rejected this assertion. All the products of animal-husbandry farms, we can say, have become perceptibly cheaper; for example, a quintal of milk by approximately 5 rubles. Production cost of grain and other products of the field has been reduced.

Various disproportions at the agroprom place a difficult burden on production cost. What is the result, for example, of a shortage of vehicles and implements for tractors? According to calculations of scientists, of the 217 million horsepower embodied in engines, slightly more than half is used productively. Hence the high labor intensiveness of production and the large amortization deductions from equipment operating at half-power.

Services of partners are still unjustifiably costly. Service organizations are slow to introduce an anti-expenditure mechanism, and their work as before is evaluated according to gross output. V. Demchenko, the chief engineer of Rostov Oblast Grain-Product Administration, and N. Shpurik, chief of the economic planning department, have written to the editorial office, that the USSR Ministry of Grain Products from one year to the next forces rises in the price of mixed feed. But when the Salsk Mixed Feed Plant began to produce cheaper products (because of inexpensive raw material), its managers were punished by local organs for nonfulfillment of the sales plan although all the concentrates had been sent to customers. "The more nutritive and less expensive the mixed feed, the cheaper the milk and meat," the authors wrote further on. "But evidently there is no desire to acknowledge this simple truth in our sector."

Personnel of former Selkhoztekhnika as before are little concerned with the end result. Repair enterprises are trying to increase the volume of services, and they are reducing plans below what was achieved. Instead of maintaining vehicles in order at a price of fewer efforts, they oblige farmers to increase expenditures on repair and maintenance of equipment. It is not difficult to understand at whose expense repair people and suppliers intended to get today almost a billion rubles of profit. Is it necessary to take this billion from the funds of kolkhozes and sovkhoses?

Increasingly more frequently people are beginning to acutely feel at rayon and oblast agroproms how necessary intersectorial cost accounting is and how important it is to economically relate the interests of partners. But so far there have been no definite recommendations from science in this regard.

And intrafarm cost accounting is frequently ineffective. Many hopes are being placed on payment from gross income, providing, as it were, a "second breath" to cost accounting. The contract sometimes also begins to slip. On the whole, in the opinion of specialists, the yield from it is two- to threefold below the results of the best unregulated collectives. It is important to introduce everywhere both cost accounting and the contract so that the worker becomes interested in the transition to self-reimbursement and self-financing.

The stronger the rural economy, the better coordinated and more efficient the operation of the agroprom. All in all, to repay expenditures means to develop one's own resources. This is not an end in itself but a reliable road to high returns from fields and animal-husbandry sections.

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PROCUREMENT PLANNING BY RESOURCE EVALUATION EXPLAINED

Accounting Examples

Moscow EKONOMIKA SELSKOGO KHOZYAYSTVA in Russian No 11, Nov 86 pp 40-44

[Article by A. Serkov, chief of the Main Administration for Planning the Social and Economic Development of the Agro-Industrial Complex of USSR Gosagroprom: "Normative-Resource Method for Planning Procurements"/

[Text] The 27th CPSU Congress recognized the need for carrying out a complex of measures aimed at improving the economic mechanism of management and introducing into operations on an extensive scale new methods for planning and economic stimulation based upon progressive norms.

One of the more important spheres for the use of norms in planning is that of determining the agricultural product procurement volumes established for kolkhozes and sovkhoses. This is particularly important in view of the fact that such planning is changing radically during the 12th Five-Year Plan: Lenin's idea concerning a tax in kind, certainly in conformity with the modern stage in the development of the agro-industrial complex, its taken as the basis. Firm procurement plans for agricultural products are established for the farms by years of the five-year plan, including for grain. All above-plan output of potatoes, vegetables, melon crops, fruit, berries and table grapes and up to 30 percent of the planned output can be sold to consumer cooperative organizations and at kolkhoz markets, with credit being extended towards plan fulfillment in accordance with agreed upon prices. Such a right enables the kolkhozes and sovkhoses to obtain considerable additional earnings, to strengthen their financial status and to convert over to a system of self-support and self-financing.

Planning which is directly dependent upon an achieved level has not created relatively identical economic conditions for farms which have achieved different levels of development. The establishment of equally tense procurement plans requires an objective evaluation of their potential. Thus the decree of the CPSU Central Committee and the USSR Council of Ministers entitled "Further Improvements in the Economic Mechanism for Management in the Country's Agro-industrial Complex" states that control figures for procurements of agricultural products, capital investment limits and deliveries of the principal types of material resources must be made available to the farms based upon norms which take into account an economic evaluation of the land and the availability of fixed productive capital and labor and other resources.

Definite experience in evaluating production potential was accumulated in the Ukrainian SSR, Belorussian SSR, in a number of krays and oblasts in the RSFSR and in the Baltic republics. An analysis of data underscores the fact that of all the factors for determining the level of production, the greatest amount of importance is attached to an economic evaluation of the land, the value of the fixed capital and material working capital and to the availability of labor resources. This has served as the basis for developing a method for computing the control figures for procurements of agricultural products, for delivery to rayons and farms.

Taking into account the zonal specifics and the practice employed in the various areas for evaluating the production potential, several methods were proposed. The simplest of them -- a computation of the control figures for product procurements based upon a determination of the area of comparable agricultural lands.

Using this method, agricultural lands are converted into comparable lands by taking into account the indicators for an economic evaluation of the land in terms of its productivity, capital-labor ratio and labor availability. An economic evaluation of agricultural lands is defined in points, with one point being equivalent to 50 feed units in the computations. Such an evaluation is being employed in a number of oblasts and krays in the RSFSR. Quality indices for the land of rayons or farms and also for capital and labor availability are determined with respect to corresponding average oblast (or average rayon) indicators.

For example, a computation of the quality index for agricultural lands is carried out in the following manner:

Rayon	Economic Evaluation of Agricultural Lands (in points)	Quality Index For Agricultural Lands
1	35	0.972
2	40	1.111
3	37	1.028
4	33	0.917
5	39	1.083
For oblasts	36	1.000

Similarly, the indices for capital supply for the available fixed productive capital of an agricultural nature, per 100 hectares of agricultural land, are computed; the index for availability of material working capital -- based also upon figures per 100 hectares of agricultural land and labor availability -- according to the average annual number of workers in a computation for this same area. Thereafter the total index for resource availability is determined by adding the mentioned indices and dividing the result by four. Their comparable value is determined by multiplying this index by the physical area of agricultural lands.

Certainly, this method, similar to some others, provides a conditional evaluation of production potential and yet it makes it possible, on the whole,

to distribute in a more objective manner the volumes of state procurements of agricultural products by rayons, kolkhozes and sovkhoses.

Another method is based upon a cost evaluation of production potential. An evaluation of land resources is carried out based upon materials obtained from land appraising work, carried out by the country's land management service for each rayon and agricultural enterprise.

Arable land and perennial plantings are evaluated according to the reimbursement for expenditures and natural feed lands -- according to their productivity.

For evaluating arable land as the principal type of land, use is made of the reimbursement for expenditures, which on the average amounts to 2.65 rubles for the country as a whole. What is this value? It describes the value of the gross output of field crop husbandry in cadastre prices per ruble of expenditure. Cadastre prices are defined by scientific-research institutes as average socially needed expenditures for the production of goods, with a definite amount of profitability being taken into account. They differ from comparable purchase prices. On the whole, it is important for these prices to furnish a more comparable estimate of the output of products per ruble expended on different lands.

Let us assume, based upon state land accounting data, that a farm has 2,500 hectares of arable land, 300 hectares of perennial plantings, 500 hectares of haying land and 1,000 hectares of pasture. Let us compute a monetary evaluation of the arable land. From materials obtained from land appraisal work, we obtain the reimbursement for expenditures which, for the soil of a particular farm, amounts to 2.3 rubles. In this instance, the number of points is $2.3 : 2.65 \times 100 = 87$. For converting them over to a monetary evaluation, use is also made of a single norm for the country -- 18 rubles per point.

How was this derived? According to computations, the differentiated income per hectare of arable land is 180 rubles. In converting it over to a comparable type of resources, using a reimbursement coefficient of 0.1, it equalled 1,800 rubles and for 1 point -- 18 rubles. Thus the monetary evaluation for 1 hectare of arable land is $87 \times 18 = 1,566$ rubles and for all of the farm's arable land -- $1,566 \times 2,500 = 3,915,000$ rubles.

Subsequently, using the same method, we obtain a monetary evaluation for 1 hectare of perennial planting: using the farm's land appraisal materials, the reimbursement for expenditures is found to be equal to 2.1 rubles. Hence the monetary evaluation for 1 hectare of perennial planting is $(2.1 : 2.65) \times 100 = 79$ points $\times 18$ rubles = 1,422 rubles and for the entire area of perennial plantings -- $1,422 \times 300 = 427,000$ rubles.

Subsequently the productivity of the haying and pasture lands must be compared against the arable land. In terms of gross product, the evaluation for 1 hectare of the farm's arable land equalled 50 points, haying land -- 15 points and pasture land -- 5 points. Hence one hectare of haying land is equivalent to 0.3 hectares of arable land and pasture -- to 0.1 hectare of arable land and the monetary evaluation of 1 hectare of haying land is $1,566 \times 0.3 = 470$ rubles and pasture land -- 157 rubles. In all, the evaluation for feed lands

will equal 392,000 rubles. Thus the monetary evaluation for all of the agricultural lands will be $3,915 + 427 + 392 = 4,734,000$ rubles. An economic evaluation of land by rayons is carried out based upon the same principle.

An evaluation of labor resources is obtained as a derivative of the average annual number of workers engaged in agricultural production, for the norm for compensating for the removal of one worker at the cost of additional investments. It is computed using data from the USSR Central Statistical Administration, based upon expenditures for the release of one worker in industry and taking into account the existing ratio for the capital-labor ratio in industry and agriculture. According to computations, this norm is defined in the amount of 16,000 rubles and is recommended for use as a unified norm for all rayons and farms throughout the country. At the same time, if the republic's capital-labor ratio differs considerably from the average union ratio, then appropriate corrections can be introduced.

If workers from other enterprises and organizations are enlisted for work at kolkhozes and sovkhoses, then it is recommended that they be evaluated using a coefficient of 0.5. Experience has shown that this involves a lower level of use of the newly attracted labor resources. Thus the ratio between them in terms of the average annual earnings is roughly 1:2. In 1985, the annual earnings of one permanent worker at sovkhoses was 2,100 rubles and for a part-time worker -- 1,000 rubles.

The number of part-time workers at sovkhoses is determined by dividing the number of man-days worked by them by 285 (the average annual fund of working time). A similar indicator is found in the annual reports of kolkhozes.

For example, the overall number of workers engaged in agricultural production at a farm is 500, including 70 part-time workers. Thus the evaluation of labor resources is as follows: $[500 - (70 \times 0.5)] \times 16,000 \text{ rubles} = 7,440,000$ rubles.

The overall estimate of logistical resources is defined as the total value of the average annual fixed capital of an agricultural nature and the material working capital.

The fixed productive capital of an agricultural nature is obtained from data found in the annual reports of kolkhozes, sovkhoses and other agricultural enterprises. Their average annual value is computed for 5 years of the pre-plan period. The fixed capital for the planned period is determined based upon the increase for 1986, provided there is no more accurate data. In order to avoid a repeated computation, the value of the perennial plantings is excluded from the total amount of fixed capital, since it was already taken into account during the monetary evaluation of land resources. The material resources are diminished by the total amount of fixed capital amortization. As a rule, the value of the material resources for the planned period is determined by a computation -- the planned value of the fixed productive capital is multiplied by its ratio during the pre-plan period.

Thereafter it is possible to compute the indicator for total evaluation of the resource potential. Thus, if the fixed productive capital of an agricultural nature in 1985 was determined to be 5,100,000 rubles at a farm and material expenditures exclusive of amortization -- 1,429,000 rubles, then the indicator

for a total evaluation of the resource potential will be: $4.7 + 7.4 + 5.1 + 1.4 = 18.6$ million rubles. The potential for a rayon or oblast is computed in a similar manner.

Subsequently, we proceed to compute the control figures for product procurements. First of all, it will be necessary to determine the level of use of resources during the pre-plan period. Towards this end, a preliminary computation is carried out for the average oblast, and for republics which do not have an oblast structure, the average republic production cost for products (by types) sold to the state, which prevailed over the past 3 years. This indicator for a given region provides a more complete comparison when evaluating the cost of the agricultural products produced. In order to lower the effect of fluctuations in production conditions by years, the volume of state procurements should ideally be computed for the 5 pre-plan years. It should be borne in mind that the procurement volumes for large livestock husbandry complexes, poultry factories, hothouse combines and inter-rayon agricultural enterprises should ideally be determined based upon their production capabilities. Thus, in evaluating the resource potential and the value of products sold during the pre-plan period and in plan computations for a rayon or oblast, the indicators for these enterprises should be excluded.

Subsequently the procurement volumes for products are computed for 100 rubles worth of resource potential during the pre-plan period. For example, the resource potential of an oblast is 1,920,000 rubles and the procurement volume in a cost expression (production cost) -- 163 million rubles. Thus, for 1,000 rubles worth of resources there are 84.9 rubles worth of products on the average for the oblast. A similar computation is carried out for each rayon. Based upon the above, the coefficients for use of the resource potential of a rayon during the pre-plan period are computed, with the coefficient for the oblast as a whole being equal to a unit.

Thereafter the oblast's average norm for product procurements for 1,000 rubles worth of resource potential for the plan period is computed by dividing the procurement volume established for example for 1990 by the resource potential computed for this year. In our example, the latter is 2,004,000 rubles for the plan year and the procurement volume in a monetary expression -- 196 million rubles or 97.7 rubles per 1,000 rubles worth of resources.

In the next stage, the oblast's average increase in the procurement norm is computed by dividing the plan norm (97.7 rubles) by the actual norm (85 rubles). In the example cited, it amounts to 15 percent. Thereafter, depending upon the existing level of use of the production potential during the pre-plan period, an appropriate rate of increase is defined for each rayon, for which purpose a coefficient is computed for differentiating the increase norm. This coefficient is found by dividing a unit by the actual coefficients for the use of resources for each rayon. They can be used for computing the planned rate of increase in the procurement norm. If it amounts to an average of 15 percent for the oblast, then for a rayon, which has a coefficient equal for example to 0.886, the rate of growth in the norm will be 13.3 percent (15×0.886) and so forth.

Subsequently, the norms for procuring products for 1,000 rubles worth of resource potential are computed for each rayon during the plan period.

To do this you multiply the norm's planned growth rate by the actual procurement volume per 1,000 rubles of resources during the pre-plan period. If the rayon's actual procurement volume per 1,000 rubles worth of resources amounted to 95.83 rubles and the growth rate is set at 13.3 percent, then the rayon's procurement norm per 1,000 rubles worth of plan resources works out to 108.56 rubles.

Then you can derive the rayon's total plan procurement volume. To do this you multiply the procurement norm by the rayon's total production potential, or 108.56: 1,000 rubles X 253 million rubles (the rayon's resource potential for the plan year)=27.5 million rubles of production.

As a result, the rayon agro-industrial associations which used their production potential more effectively during the previous five-year plan are given a rate of increase which is lower than the average oblast level and those which have a low coefficient of use of production resources -- a higher level.

Similar computations are carried out in the rayons in connection with developing control figures for the overall product procurement volumes on the farms.

Subsequently, the procurement volumes by rayons, computed in a monetary expression, must be distributed by types of products. This can be carried out based upon the marketable output structure for the pre-plan period and corrected taking into account the increased specialization and improvements called for in the production structure. In the process, use is made of a simple formula: the overall volume of procurements in a monetary expression for a rayon is multiplied by the proportion of the given type of product and divided by the cost evaluation per unit of product.

The computed indicators for procurements of agricultural products must be evaluated taking into account the prospects for specialization, transport communications and other specific production peculiarities of individual kolkhozes and sovkhozes. The distribution of the procurement volumes by farms should be reviewed by the RAPO /rayon agro-industrial association/ council in the interest of developing a collective solution.

Let us examine a method that is based upon an evaluation of each type of resource according to the degree of its effect on the output of marketable products. Such an evaluation is carried out based upon correlation-regressive analysis. The computations are carried out using standard programs which the computer centers have at their disposal.

The use of economic-mathematical methods makes it possible, with an adequate degree of reliability, to define a quantitative measure for the individual effect of each resource on the output of marketable products. In essence, this evaluation appears as a norm for the effectiveness (efficiency norm) of a resource, computed for a definite level of their utilization.

It is recommended that the following be included in the structure of the resources evaluated using this method: agricultural lands -- area and economic evaluation of productivity in points -- labor resources, fixed productive capital of an agricultural nature and material working capital in terms of value and in a natural expression by types (mineral fertilizer, feed purchased).

These resources in their entirety determine the production potential of an object of planning. The normative volumes for marketable output are determined based upon an evaluation of them.

For example, the following resource evaluation per 100 hectares of agricultural land were obtained using materials on farms throughout the oblast: 1 point of land evaluation -- 2.8 rubles, one average annual worker -- 1,053 rubles, 1,000 rubles worth of value in fixed productive capital of an agricultural nature -- 100 rubles, 1 quintal of active mineral fertilizer substance -- 16 rubles and 100 feed units of purchased feed -- 9 rubles. The normative volumes for marketable output are computed based upon the availability of resources.

Thus, if the average weighted point for evaluating agricultural lands is 42.12, then the norm for procurement volumes for this type of production resource, per 100 hectares of agricultural land will be 11,790 rubles. The norm for all other types of resources is determined in a similar manner: their total (minus a constant number -- the summary number of the regression equation, which equals 7.094), multiplied by the agricultural land area, will constitute the norm for the overall procurement volume (for example, 30,858 rubles X 51,400 hectares : 100 = 15.8 million rubles). Thereafter, based upon the actual procurement volume, the coefficient for resource utilization is computed. If during the pre-plan period the procurements actually amounted to 13.3 million rubles, then this coefficient would be $13.3:15.8 = 0.842$.

Such a computation of the procurement volume is carried out using the norm for planned resources. Let us assume that this indicator equals 17.7 million rubles. the increase in the coefficient of resource utilization, which is summarized with a corresponding coefficient for the pre-plan period, is determined for the year planned. In our example, it amounts to $0.842 - 0.107 = 0.949$. The number obtained is multiplied by the procurement volume according to the norm, as a result of which the control figures for procurement volume are computed: 17.7 million rubles X 0.949 = 16.8 million rubles. The distribution of the procurement plan by types of products is also carried out in a natural expression just as in the variants cited earlier.

It should be borne in mind that kolkhozes and sovkhoses are authorized to sell to consumer cooperative organizations and at kolkhoz markets, in accordance with contractually agreed upon prices, up to 30 percent of the planned procurement volumes for potatoes, vegetables, melon crops, fruit, berries and table grapes and also above-plan agricultural products, which could also be used by the farms at their discretion for other purposes.

The farms can take advantage of this rule when developing the plan and also during the course of carrying it out. Hence the plan can call for up to 30 percent of the perishable products to be sold to cooperative organizations and at the kolkhoz market and the plan may also provide for the sale of all types of products over and above the approved procurement volumes.

The decree of the CPSU Central Committee and the USSR Council of Ministers entitled "Further Improvements in the Economic Mechanism for Management in the Country's Agro-industrial Complex" states that the private plots, which constitute a component part of socialist agricultural production and which rely upon the kolkhozes and sovkhoses for assistance, must satisfy more completely

the requirements of rural inhabitants for meat, milk, eggs, potatoes, vegetables, fruit and other food products, with surpluses to be sold through the cooperative trade or at the kolkhoz market. Towards this end, the plans of kolkhozes and sovkhoses must be developed taking into account the development of both public production and the private plots of citizens residing on their territory. Moreover, the products produced on private plots and purchased by consumer cooperative organizations, directly or through kolkhozes and sovkhoses, are credited to them in fulfillment of their plan for sales to the state.

The plans of farms must be discussed at meetings of labor collectives and presented to a higher organ according to subordination. In the process, the overall volume of state procurements for a farm must not be lower than the average annual level achieved during the preceding 5 years.

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Experiment In Kazakhstan

Moscow ZAKUPKI SELSKOKHOZYAYSTVENNYKH PRODUKTOV in Russian No 12, Dec 86 pp 16-18

Article by N. Borisenko, doctor of economic sciences, professor and deputy director of VNIIPiNSKh of USSR Gosagroprom; I. Zakshevskiy, doctor of economic sciences, professor and chief of the Planning and Economic Administration of Gosagroprom for the Kazakh SSR; V. Dunayev, candidate of economic sciences and head of a sector at VNIIPiNSKh of USSR Gosagroprom; A. Muzhukbayeva, candidate of economic sciences and head of a department at KazNIIEOSKh: "Strict Accounting of Resources"/

Text The distribution of state procurements of agricultural products is a central element in the system of planning for the agro-industrial complex. The degree of its validity and concrete definition by rayons and farms exerts a substantial influence on the rates for production development and on the level and effectiveness of use of land, labor, material and financial resources of the agro-industrial complex. Thus the distribution of the procurement plan for agricultural products, at the rayon and farm level, remains a difficult task.

Over a period of many years, these plans were often established in the absence of adequate accounting for the differences in the working conditions of farms and rayons and the criterion was the achieved level of production.

An analysis carried out in various regions of the country testifies to the fact that such important factors as the amount of agricultural land, taking into account its evaluation from the standpoint of quality, labor resources and the availability of fixed and working capital, exercise a decisive influence on gross production and marketable output.

In behalf of USSR Gosagroprom State Agroindustrial Committee, the All-Union NII Scientific Research Institute for Planning and Norms, jointly with VNIETUSKh, UkrNIIEOSKh, KazNIIEOSKh and a number of other scientific research institutes and with the participation of specialists attached to planning organs of the APK Agro-Industrial Committee, developed a "Method for Computing

Control Figures for Procurements of Agricultural Products, for Delivery To Rayons and Farms, Based Upon Norms Which Take Into Account An Economic Evaluation of Land and the Availability of Fixed Productive Capital and Labor and Resources," which makes it possible to reject the traditional method for planning procurements and to exclude the factors of a subjective approach.

In conformity with the adopted method, the procurement norms are computed in a monetary expression per unit of production potential, with their subsequent conversion over to a natural form. For an equivalent comparison of the various types of products procured, their monetary evaluation is carried out in accordance with the actual production cost. This makes it possible to take into account the resource intensiveness of a unit of marketable product and to coordinate its volume with the resource amounts.

Three groups of principal production resources are included in the resource potential of agriculture: land (agricultural land), labor (average annual number of workers in the branch) and logistical (fixed productive capital of an agricultural nature and material working capital).

The total indicator for production resources is computed as a value expression for three elements -- fixed productive and working capital, fund equivalent for working agricultural lands. This indicator is a scientifically sound norm for the planning of procurements, since it makes it possible to determine that volume of marketable products (in a summary expression) which can be produced per unit of resources for an average level of their use.

A computation of the control figures for state procurements of agricultural products, based upon the resource potential, was carried out by a group of scientific workers of VNIIPiNSKh, VNIIESKh /All-Union Scientific Research Institute of Agricultural Economics/, GIZR /State Institute of Land Resources/ and specialists from USSR gosagroproms /state agroindustrial committees/ and the Kazakh SSR, which among the country's union republics occupies second place in terms of area and third place in terms of population.

The natural-climatic conditions found in Kazakhstan are extremely diverse, especially in Alma-Ata Oblast. The agricultural land in a majority of its rayons and on a considerable number of farms is located on slopes of the Zailiyskiy Alatau Mountain Range in practically all of the natural-climatic zones -- from desert to alpine meadows. Irrigation has been developed in a number of rayons throughout the oblast. All of this served as the basis for selecting Alma-Ata Oblast for carrying out a check on the proposed method under especially complicated conditions, in the interest of uncovering the defects in the system and bringing about further improvements in it. In particular, the method was employed on farms in Iliyskiy Rayon.

During the initial stage, an evaluation was carried out on the land resources of each rayon in Alma-Ata Oblast and farm in Iliyskiy Rayon, based upon data obtained from land appraisal work carried out by Kazakh Giprozem.

A monetary evaluation of one hectare of arable land and perennial plantings was carried out using the indicators for reimbursement of expenditures and for natural feed lands (hayings and pasture lands) -- using the indicators for their productivity, computed by Giprozem for each specific agricultural enterprise, rayon or oblast.

For arable land and perennial plantings with a rating of 100 points, an average figure of 2 rubles and 65 kopecks is employed for reimbursement of expenditures. This figure conforms to the value of field crop husbandry output in cadastre prices per ruble of expenditure.

An evaluation of 1 hectare of arable land or perennial planting for each farm (rayon) is equivalent to their rating for reimbursement of expenditures, multiplied by the country's only norm for a monetary evaluation of one point -- 18 rubles, which is determined based upon differential income obtained per hectare of arable land.

The rating for an evaluation of arable land or perennial planting was determined by dividing the coefficient for reimbursement of expenditures of a given farm (rayon) by the average indicator for the country and multiplying by 100. The return from arable land in Iliyskiy Rayon in Alma-Ata Oblast, based upon data obtained from land appraisal work, was determined to be 1 ruble and 51 kopecks. In this instance, the monetary evaluation of a hectare of arable land amounted to $\frac{1.51:2.65}{100} \cdot 18 = 1025.7$ rubles and the monetary evaluation for all arable land in Iliyskiy Rayon -- $1025.7 \text{ rubles} \times 134,572 \text{ hectares} = 138$ million rubles.

In all, a total evaluation of 970.4 million rubles was obtained for the arable land in 11 rayons of Alma-Ata Oblast.

A monetary evaluation for perennial plantings was determined in the same manner.

An evaluation of natural feed lands (haying and pasture land), in conformity with this method, was carried out by multiplying the monetary evaluation obtained for 1 hectare of arable land by a coefficient, computed by dividing the indicator for the productivity of a hectare of feed land, in terms of gross output, by the corresponding indicator for the productivity of a hectare of arable land.

For example, according to data supplied by Giprozem, the productivity of a hectare of pasture land in Iliyskiy Rayon, in terms of gross output, equals 9.09 rubles and a hectare of arable land -- 309.22 rubles. In conformity with the above-mentioned computations, the monetary evaluation for a hectare of arable land in this rayon amounted to 1025.7 rubles and the monetary evaluation of a hectare of pasture land $\frac{9.09}{309.22} \cdot 1025.7 = 30.15$ rubles.

It bears mentioning that feed lands, particularly in Alma-Ata Oblast, constitute 87 percent of all agricultural areas. Thus a method is needed which would make it possible to evaluate them objectively. Analysis has shown that when determining a monetary evaluation for feed land, based upon a monetary evaluation for a hectare of arable land for each object separately (agricultural enterprise, rayon), considerable differences often arise when evaluating feed lands having identical productivities, since in Alma-Ata Oblast the levels for evaluating the arable land of individual rayons and farms often differ to a considerable degree. This is associated with great differences in the soil found in the foothills of the Zailiyskiy Alatau Range, where the arable land consists of lands having different fertility potentials.

In this regard, we proposed a method of computation in which a monetary evaluation for feed lands, based upon a monetary evaluation of arable land, is determined only as an average for an oblast (rayon). For specific rayons

(farms), an evaluation of feed lands is established by multiplying these average values by appropriate coefficients, computed as a ratio of the productivity of the feed lands of each one of them to the average oblast (average rayon) productivity.

Let us demonstrate this method of computation using as an example two farms in Iliyskiy Rayon in Alma-Ata Oblast.

According to data obtained from land appraisal work, the productivity of a hectare of pasture land at the Kolkhoz imeni 40-Letiya Kazakh SSR is 9.2 rubles and at the Iliyskiy Sovkhoz -- 8.9 rubles. We obtain an evaluation for the pasture land of farms by multiplying the monetary evaluation of a hectare of pasture land in Iliyskiy Rayon (30.15 rubles) by coefficients computed for each of them, as the ratio of individual values for pasture productivity to the average rayon productivity, equal to 7.7 rubles per hectare. As a result, for the Kolkhoz imeni 40-Letiya Kazakhskoy SSR we obtain $(9.2 : 7.7) \cdot 30.15 = 36.02$ rubles per hectare; for the Iliyskiy Sovkhoz $(8.9 : 7.7) \cdot 30.15 = 34.85$ rubles per hectare.

Thus a monetary evaluation of a hectare of pasture land at the Kolkhoz imeni 40-Letiya Kazakhskoy SSR exceeds the value for an evaluation of pasture land at the Iliyskiy Sovkhoz by 34 percent and this is identical to the ratio for the productivity levels for the pasture land of these farms, as determined by Giprozem.

At the same time, it bears mentioning that when computing a monetary value for pasture land, based upon a monetary evaluation of the arable land at each of these farms, distorted values are obtained for the evaluation of a hectare of pasture land, values which differ from one another by more than twofold (21.0 and 45.7 rubles per hectare respectively). The reason for this -- a sharp difference in productivity and accordingly in the monetary evaluation for arable land at the mentioned farms.

The overall monetary evaluation of pasture land in Iliyskiy Rayon amounted to 7.8 million rubles and for all land resources (arable land, perennial plantings, haying and pasture land) -- 149 million rubles. For Alma-Ata Oblast, the figures were 209.1 and 1,253.8 million rubles respectively. Moreover, the proportion of the monetary evaluation of land resources compared to the oblast's overall production potential amounted to 32.4 percent.

An evaluation of the labor resources of agricultural enterprises in Alma-Ata Oblast and Iliyskiy Rayon was carried out by multiplying the average annual number of permanent workers engaged in agricultural production by a unified norm for compensating for the removal of one worker by means of logistical resources. In the computations for a given period, this norm was defined in the amount of 16,000 rubles and is considered to be an average for the country.

In view of the fact that the capital-labor ratio for union republics differs substantially, the norm for compensating for the removal of one worker can be computed for each republic. To the number of permanent workers at agricultural enterprises is added the average annual number of workers attracted for

agricultural work from other organizations; the monetary evaluation for their work is carried out using a coefficient of 0.5, that is, in the amount of 8,000 rubles.

The evaluation of labor resources in Alma-Ata Oblast amounted to 1,108 million rubles (29 percent of the overall production potential) and for Iliyskiy Rayon -- 100.4 million rubles (27 percent).

The overall value of logistical resources is defined as the sum of the average annual value of the fixed productive capital of an agricultural nature and material working capital, in conformity with their value according to annual reports and excluding the value of perennial plantings in the interest of avoiding repetitious accounting. The total value of the resource potential is computed by summarizing the monetary evaluations for land, labor and logistical resources. For Alma-Ata Oblast, this amounted to 3,864.4 million rubles and for Iliyskiy Rayon -- 367.3 million rubles.

The volume of product procurements per 1,000 rubles of resource potential during the pre-plan period amounted to 88.64 and 89.86 rubles respectively. All inter-rayon enterprises, enterprises of Ptitseprom /Administration for the Poultry Production Industry/, hothouse combines, animal husbandry breeding stations and purchases from the population were excluded from the overall volume of agricultural product procurements.

The resource potential during the plan period was determined taking into account the average rates of growth for the fixed and working capital, land conversion and the trends towards a change in the average annual number of workers and for the oblast it amounted to 4,087.4 million rubles and for the rayon -- 388.6 million rubles. The procurement volume for 1,000 rubles worth of resource potential was 91.1 and 92.4 rubles respectively.

A distinctive feature of this method is the fact that the rate of increase in the procurement norm is planned separately for each object (rayon, farm). Moreover, if during the pre-plan period the level for the procurement norm for certain objects lags behind the average oblast (average rayon) level, then the computational mechanism embodied in the method will ensure a corresponding increase during the plan period in the rates of growth for the procurement norms. This will bring about planned improvements in backward farms and rayons up to the average oblast (average rayon) level.

Thus, for example, in Balkhashskiy Rayon the procurement norm for 1,000 rubles worth of resource potential during the pre-plan period amounted to 50.5 rubles, compared to an average oblast norm of 88.64 rubles (coefficient of use of resource potential of 0.57), as a result of which the rate of increase in the procurement norm for this rayon was planned, in accordance with the method, in the amount of 4.9 percent, compared to an average oblast indicator of 2.8 percent.

All of this is making it possible to plan in a more objective manner the distribution of procurements by rayons and farms in Alma-Ata Oblast.

A comparison against the actual distribution of procurements during 1986 has shown that for a majority of the objects the plan-norm procurement volumes computed in conformity with the mentioned method differed very little from the

actual ones. However, substantial deviations were observed on some farms and in some rayons owing to the fact that the production resources of these objects were not fully taken into account.

Thus, for example, in 1986 Balkhashskiy Rayon was given a procurement plan in the amount of 12.2 million rubles, whereas in accordance with the method the plan-norm procurement volume was defined in the amount of 14.0 million rubles.

At the same time, Kegenskiy Rayon was given a procurement plan for 1986 in the amount of 24.3 million rubles, compared to a plan-norm procurement volume of 22.6 million rubles.

At the same time, with practical use being made of the method for supplying control figures for state procurements of agricultural products to rayons and farms, the specific nature of the natural-climatic conditions found in Alma-Ata Oblast must be taken into account. When this is done, the following actions are deemed advisable:

...the normative zones for the level of specialization, the quality of the land areas and the intensity of production must be singled out;

...the number of permanent workers should be determined based upon data for the pre-plan period and the average annual number of workers from other enterprises and organizations, enlisted for carrying out agricultural work, should be computed using data for 5 or more years, since the size of this special working force increases sharply during productive years;

...in the interest of achieving an objective evaluation of pasture and haying lands, the computational method (based upon a monetary evaluation of arable land) included in the method should be employed only for evaluating the feed lands of an oblast (rayon); for specific rayons (farms), an evaluation of feed lands should be obtained by multiplying these average values by the appropriate coefficients, computed as a ratio of the productivity of the feed lands of each one of them to the average oblast (average rayon) productivity (according to gross output).

An examination of the results obtained from the experimental use of the method in Gosagroprom for the Kazakh SSR and by the Alma-Ata Oblast Planning and Economics Administration has shown that on the whole it is of practical value and, taking into account the above-mentioned regional peculiarities during this modern stage in the development of agricultural production, it satisfies for the most part the requirements of the normative method for planning and for supplying rayons and farms with control figures for agricultural product procurements based upon resource potential.

The present method has been adopted by Gosagroprom for the Kazakh SSR and will be used for supplying control figures for state procurements of agricultural products to all oblasts, rayons and farms throughout the republic.

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7026

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REGIONAL DEVELOPMENT

ARMENIAN RURAL OUT-MIGRATION TROUBLES KOLKHOZ MANAGEMENT

Yerevan KOMMUNIST in Russian 10 Dec 86 p 2

[Article by N. Manaseryan, professor and head of the Department of Political Economy of the Yerevan Institute of National Economy, under the "Mountain Rayons: Problems and Prospects" rubric: "Shadows of Migration"]

[Text] The rapid development of industry and the high level of urbanization of the population are one of the most characteristic features of the economy of our republic and an important condition for the high level of employment and well-being of its working people. This is generally acknowledged.

At the same time, time has also revealed shadowy and previously hardly noticed aspects of this generally progressive process--the lagging behind of remote mountain rayons and the growing difference in the level of social and economic development between them and lowland rayons. This lag was expressed in such negative phenomena as the intensive migration of the population of mountain rayons to cities and to rayons with a high natural rent, in the dying out and elimination of many dozens of mountain villages, and in the degeneration of crop farming in places and the formation of zones of "worthless lands," etc.

The point of departure for the noted processes was the increase in zonal differences in the development of the agrarian sector. Inasmuch as the largest part of capital investments in agriculture was realized in the rayons on the Ararat Plain, where they promised the fastest yield, this zone surpassed all other zones in the republic in the level and pace of intensification of production.

It is enough to present the following comparison. In the production of gross output in cost terms per hectare of agricultural lands, the Ararat Plain exceeded the mountain rayons by a factor of three or four in the 1950's. In the 1970's, this difference increased to a factor of six or seven. Furthermore, the mountain rayons have 40 to 50 percent as much fixed production capital per agricultural worker as the Ararat Plain and only 20 to 25 percent as much nonproductive capital.

What does this say? It says that the difference in the level of the social development of the rural areas (because nonproduction funds are the material

basis for the development of the social sphere) between the mountain and lowland rayons is about twice as great as it is in the strictly economic area.

The picture is even more striking in the area of the industrial development of mountain and lowland rayons. Thus, if one compares the development of industry in the two most important economic rayons of the republic, Araratskiy and Syunikskiy rayons, then the comparable land area of the first has 18 to 20 times more industrial output than in the second.

The uneven distribution of industry, the main factor in the formation of cities, inevitably had to lead to the uneven urbanization of the republic's population in territorial terms, which did even more to aggravate the problem of mountain rayons.

The rapid rates of development of industry and of growth in the urban population created a general migration of the rural population, especially the population of remote rayons, to the cities and industrial centers, for these rayons had the worst conditions for development and were the weakest link in the republic's economy. The remote villages made, so to speak, the greatest contribution to urbanization.

There are, of course, objective reasons for the migration of the population. The rapid development of industry and cities gave rise to an almost universal psychological atmosphere of nihilism in relation to the agrarian sector ("we do not need so many villages and villagers") and to its daily needs. It was considered more reasonable and progressive to give up many rural centers and the corresponding farms than to spend resources on the satisfaction of vitally important needs in the development of the rural areas (roads and transport problem, electricity, water, etc.). What this led to can perhaps be seen most graphically in the example of Kafanskiy Rayon: instead of the 100 villages of prewar days, today there are no more than 60. In the republic as a whole, the self-liquidation and extinction affected hundreds of inhabited places.

But there were also happy exceptions to this. In their search for a solution to their problems, many kolkhozes were voluntarily reorganized into sovkhoses so as to be able to survive and hold on to personnel. For it is well known that sovkhoses, as state enterprises, have more means than kolkhozes for the development of public farming. It is mainly a question of kolkhozes of mountain rayons, which could not solve the problem of reproduction through their own means. State help was required and it was provided.

It is no accident, therefore, that the conversion of kolkhozes into sovkhoses was and remains most characteristic for mountain rayons, which is apparent from the following data. In 1985, there were 148 kolkhozes and 359 sovkhoses in mountain rayons. At the same time, the number of kolkhozes in these rayons continues to decline and the number of sovkhoses, on the other hand, is increasing. This process is also characteristic of the republic as a whole, where in 1960 there were 760 kolkhozes and only 83 sovkhoses, whereas in 1985 their numbers were already 281 and 505, respectively.

A comparison of the geography of kolkhozes and sovkhoses reveals its definite correspondence with the geography of urbanization: the farther from the

centers of urbanization, the greater the relative share of sovkhoses in the total number of agriculture enterprises. Overall, as we see, urbanization has had a definite and obvious impact on the choice of one form or other of public farm in the zone in question.

At the present time, our republic occupies first place in the country in the relative share of sovkhoses in the total number of agricultural enterprises and in the rate of conversion of kolkhoses into sovkhoses. This obliges one to make a careful comprehensive study and correct evaluation of this phenomenon. All the more so because it has a direct relationship with the problems of the development of mountain rayons and the metamorphosis in the forms of public property also has considerable theoretical importance.

Theoretical analysis shows that the conversion of economically weak kolkhoses into sovkhoses is the easiest but by no means most acceptable way of resolving problems of reproduction in the agrarian sector. At best, it resolves current tactical tasks but is not intended for the resolution of long-term strategic tasks. The latter require a serious consolidation of the material-technical base of the kolkhoses of the worst natural zones. The shortage of internal means of these kolkhoses and their lack of a natural rent must be compensated through the redistribution of the corresponding funds from the state budget not only in the territorial but also in the social aspect, that is, between the sovkhos and kolkhoz sectors.

It is commonly known, everything else being equal, that sovkhoses have greater means in comparison with kolkhoses for the development of the public farm and cultural and domestic conditions, whereby a decisive share of these means is formed through the funds of nonreturnable budget financing. In contrast, kolkhoses are completely and from the very beginning cost accounting enterprises. And although they have fewer means for accumulation and consumption, many years of data show that these means are used more rationally and efficiently--here the output per unit of land area is higher and the production cost of basic products is lower. This is explained by the fact that at kolkhoses the utilization of funds is based on internal cost accounting incentives.

In its program documents, the CPSU has repeatedly stressed that it is essential not to replace one form of socialist property with another but to do everything possible to develop and utilize the possibilities of state and kolkhoz forms.

In this connection, the question arises: Is it not possible to provide help (including direct financial help) to weak kolkhoses without abandoning the kolkhoz form of property itself?

The decree recently issued by the CPSU Central Committee and USSR Council of Ministers "On the Further Improvement of the Economic Mechanism of Management in the Country's Agro-Industrial Complex" outlines a number of specific measures for the provision of help to lagging farms.

In the indicated decree, the Gosagroproms [State Agroindustrial Committees] of the union republics are granted the "right to redistribute budgetary

appropriations in the directions of their utilization." As you know, it has been found expedient, in accordance with previous acts, to extend to economically weak kolkhozes the system of financing through the state budget in effect for sovkhoses for a number of planned expenditures to develop facilities in the nonproductive area and also for the payment of insurance premiums. In my view, it would be fully logical for the kolkhozes of the worst zones to implement state financing not only of the nonproductive sphere but also of the area of physical production. This could significantly strengthen the material-technical base of weak kolkhozes and, in addition to everything else, neutralize and reduce to nothing those internal motives and incentives that now prompt the conversion of many kolkhozes to sovkhoses.

The concern about the preservation and consolidation of kolkhozes is dictated not only by considerations of a singularly economic nature and by the fact that at kolkhozes funds are used rationally and efficiently but also by the necessity of preserving and developing kolkhoz democracy.

It is generally acknowledged that the kolkhoz form of public property and public farming has just as many reserves for development as the sovkhos form and in one very important aspect has indisputable advantages. This aspect is the more democratic form of managing farm affairs, which could not better correspond to the principles of socialist self-administration and the current level of socialization of rural production.

More specifically, in the case at hand, the gradual integration of the two forms of socialist property and farming requires the combination of the centralized state financing of public production and the kolkhoz form of farm management.

Thus, our conclusion is simple: it is expedient to provide state help to the kolkhozes of the worst zones without abandoning the kolkhoz form of property. In this connection, it is also useful to emphasize the following important political and economic aspect of the question under consideration. According to the program aims of our party, the relationship of the kolkhoz and state forms of property is the relationship of lower and higher stages in the development of socialist production, whereby the first can convert to the second as a result of the achievement of a higher level of development of productive forces and production relations.

Meanwhile, our practice presents us with the following paradox: in the overwhelming majority of cases, it is weak and low-capacity kolkhozes that convert to sovkhoses and one hardly encounters the conversion of a strong kolkhoz to a sovkhos. This says that such a metamorphosis of the forms of public property in the rural areas is premature and artificial, for in essence it changes only the administrative and legal status of the farm but basically does not at all change or hardly changes the real nature of production relations in the agrarian sector. The latter requires significantly more time and real changes in the economic base of the society.

9746

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LIVESTOCK AND FEED PROCUREMENT

MEAT PROCUREMENT CALCULATION CONTROVERSY CONTINUES

Moscow EKONOMICHESKAYA GAZETA in Russian No 2, Jan 87 p 14

[Article by M. Aleshichev, N. Kondrakov, G. Osmolovskiy, A. Pavlyuchenkov, G. Chernykh, and Ch. Yukna, economists: "Leapfrog With Coefficients"; translation of article from EKONOMICHESKAYA GAZETA No 30 appeared in USSR REPORT: National Economy, JPRS UNE-86-014, 23 Dec 86, p 61]

[Text] We have read with interest the article entitled "Which Alternative Is Better?" (No 30), which discussed the organization of purchases of livestock and the settlement of accounts for it. We would also like to express our opinion on the problem touched upon.

Two livestock procurement methods are now used in the country. Most livestock is accepted and paid for according to the weight and quality of meat. Then it is converted according to appropriate coefficients into live weight to be credited toward the plan fulfillment to farms.

In the Lithuanian SSR and in some other republics, livestock is accepted directly at places of production according to live weight and is transported with the facilities of meat combines. We consider this the most successful alternative.

A Distorting Mirror

The use of two methods of acceptance and settlement of accounts for livestock leads to the fact that in one case the actual live weight is credited toward the purchase plan fulfillment and in the other, the calculated one. That is, the meat obtained at a combine is converted by means of coefficients into live weight. Such a method of determining the live weight of livestock leads to a considerable distortion of this indicator. There is a kind of leapfrog with these coefficients. For example, according to the data of control weighing and slaughtering of animals carried out at 77 meat combines in various RSFSR regions, the total overstatement of the calculated live weight of cattle, as compared with the actual weight, made up 4 percent, which was credited toward the purchase plan fulfillment, although counters did not receive this part of the output.

The new coefficients for converting meat into live weight approved in the RSFSR in 1982 also lead to an overstatement of cattle weight. According to calculations performed by one of the authors of this article, at 47 meat combines in various regions of the Russian Federation the total overstatement of the live weight of livestock, as compared with the actual weight, made up 2.55 percent. The biggest overstatement was observed at meat combines in West Siberian and Central Chernozem economic regions (3.69 and 3.28 percent respectively) and the smallest, at meat combines in the North Kazakhstan Region (1.55 percent). Similar examples can also be cited for the country's other regions.

Advocates of the transfer and acceptance of livestock according to the quantity and quality of meat believe that the standard weight is overstated when animals with a bigger output of meat are processed. However, our research does not confirm this conclusion. For example, at the Murmansk Meat Combine the output of meat from cattle processing was much higher than at the Syktyvkar Meat Combine. However, the standard weight of livestock at the first combine was understated by 1.47 percent, as compared with the actual weight, and at the second, overstated by 6.1 percent. An even greater deviation was observed at Petropavlovsk-Kamchatskiy and Yakutsk meat combines. What is the reason?

The insufficient substantiation of coefficients of conversion of the meat obtained into the live weight of livestock credited toward the purchase plan fulfillment is the main one. As practice shows, when the mentioned coefficients are established, often subjectivism is allowed. Considerations of the moment, in particular fear of a reduction in the volume of purchases in a number of oblasts and republics, not the actual results of control livestock slaughtering, are taken into account.

Strange as it seems, those that sell livestock are interested in understating its fatness, because coefficients of conversion of meat after processing into the live weight of livestock of low fatness categories are preferable. For example, in Arkhangelsk Oblast the new coefficients of conversion of meat into the live weight of young cattle of highest, average, below-average, and lean fatness categories were established at the level of 2.07, 2.22, 2.40, and 2.60 respectively. With such a significant difference in conversion coefficients it becomes advantageous for farms to sell livestock of low fatness categories. Therefore, these coefficients cannot serve as the basis for converting meat into live weight. Losses in the proceeds for the quality of meat often are covered by a 50-percent increase for the sale of livestock in excess of the attained average annual level during the preceding five-year period.

Noncorrespondence of the calculated live weight of livestock credited toward the plan fulfillment with the actual weight leads to overpayments or underpayments of funds to farms and transport expenditures of meat combines, as well as feed and labor expenditures per unit of weight gain, are distorted.

Periodic revisions of conversion coefficients affect the volume of livestock purchases and make these data incomparable in terms of years. For example, when the new coefficients introduced in 1982 are used, the calculated weight of cattle exceeds the actual weight by 2.55 percent.

With the transition to the system of payment for livestock according to the quantity and quality of meat farms have stopped weighing animals, because the calculated live weight computed according to conversion coefficients is credited toward the plan fulfillment to them. Many meat combines have also stopped weighing livestock. The lack of accurate data on its live weight on farms and at the procurement organization gives rise to a lack of personal responsibility and leads to losses and misappropriation.

By Weight and Age

The sectorial scientific research laboratory of the All-Union Correspondence Institute of the Food Industry jointly with scientists at the Lithuanian Veterinary Academy, the Central Scientific Research Institute of Information and Technical and Economic Research of the Ministry of Grain Products, and the Moscow Technological Institute of the Meat and Dairy Industry (MTIMMP) conducted research on the organization of purchases of livestock according to its live weight, age, and transportation to processing meat industry enterprises with the facilities of combines. It shows that such a method is the most successful, because it stimulates raising animals up to high standards. It is not accidental that in the Lithuanian SSR the output of meat after the slaughtering of animals is more than 3 percent higher than in the Belorussian SSR, where livestock is procured according to the quantity of meat obtained at a combine.

Relieving farms of the transportation of livestock to places of processing with their own facilities and of its transfer at meat combines by kolkhoz and sovkhos specialists makes it possible to lower the expenditures on the sale of animals, to shorten the time of their delivery, and to release a large number of transport facilities and labor and material resources so needed for an increase in meat production.

Meat combines should coordinate livestock acceptance schedules with final animal fattening periods. In particular, keeping them too long at complexes must not be allowed. A procedure, according to which orders for the acceptance and transportation of livestock are accepted without any corrections on the days and at the time indicated by farm managers, was established in the Lithuanian SSR.

The following question was studied in the sectorial laboratory and in the other scientific research subdivisions enumerated above: During the acceptance of livestock is it possible to give up the indicator of its fatness and to take into account only its live weight and age? As a result, the advisability of such a method was disclosed. "Specifications for the Acceptance of Livestock by Weight and Age" and a plan for new purchase prices were worked out for the Lithuanian SSR. They were determined in such a way that the total sum of payments for the sold livestock remained the same as before. Only the price differentiation was changed in order to optimize the livestock fattening period and to create an incentive for intensive technology.

A production check of research results was to have been made this year. This work was coordinated with the interested organizations of the Lithuanian SSR, as well as with the Department of Special Livestock Management at the republic's Veterinary Academy. However, in connection with the establishment of USSR Gosagroprom for some reason the indicated work turned out to be outside the plan and, essentially, was suspended. Academician L. K. Ernst, vice-president of the All-Union Academy of Agricultural Sciences imeni V. I. Lenin, responded with the following, frankly speaking, noncommittal answer to our appeal to USSR Gosagroprom requesting the continuation of research:

"We consider the inclusion of research connected with an improvement in procurements of cattle by weight and age in the plan of the institutes of the system of the All-Union Academy of Agricultural Sciences imeni V. I. Lenin inadvisable owing to the performance of this research during the 11th Five-Year Plan by the All-Union Scientific Research Institute of Animal Husbandry and coexecutor institutes and the presentation of proposals on this matter to USSR Gosagroprom."

The point is that research on the results of acceptance of livestock by live weight with due regard for the age of animals has not been conducted to this day, although there is an urgent need for this.

11439

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LIVESTOCK AND FOOD PROCUREMENT

LISSR PARTY DECREE ON LIVESTOCK INTENSIFICATION TASKS

Vilnius SOVETSKAYA LITVA in Russian 2 Dec 86 pp 1-2

[Decree of the 5th Plenum of the Central Committee of the Communist Party of Lithuania of 29 November 1986: "On Tasks of the Republic Party Organization on Further Intensification of Animal Husbandry in the Light of the Decisions of the 27th CPSU Congress"]

[Text] On listening to and discussing an address by Comrade P.P. Grishkyavichus, first secretary of the Central Committee of the Communist Party of Lithuania, the plenum of the Central Committee of the Communist Party of Lithuania notes that the republic party organization, implementing the decisions of the 27th party congress and of the April (1985) and subsequent plenums of the CPSU Central Committee, is intensifying its organizational and practical activity aimed at the accomplishment of the food program, strengthening of the material and technical base of all sectors of the agro-industrial complex, introduction of intensive and industrial technology and reduction of losses of agricultural products in storage and processing and on this basis achieving higher efficiency in the production of food products. Work is going on on the restructuring of the economic mechanism, improvement of the organizational structures of management and strengthening of the cost-accounting principle in the operation of all economic units. The vocational and cultural level of the agro-industrial complex's workers is rising and a social transformation of the countryside is taking place.

At the same time, the plenum of the Central Committee of the Communist Party of Lithuania believes that intensiveness of the development of animal husbandry and the growth rate of production of its products does not fully meet the party's present requirements. On some farms and in some rayons, extensive factors still predominate in the development of animal husbandry. In Birzhayskiy, Vilkavishskiy and Panevezhskiy rayons compared to last year the sale of cattle and poultry to the state has declined. The capacities of a number of animal-husbandry complexes are not being used satisfactorily. Light-weight young stock is being supplied to meat combines by many farms of Varenskiy, Ignalinskiy, Utenskiy, Yurbarkskiy and several other rayons. Much meat is being delivered to meat combines from cattle that had to be killed.

As before, milk yields are low from cows on the farms of Akmyanskiy, Zarasayskiy, Ignalinskiy, Shilalskiy and several other rayons. Insufficient

attention is paid to lagging farms. This year again cow milk yield on 70 farms will be below 3,000 kilograms. There are many deficiencies in breeding work, and due attention is not paid to rearing of heifers.

One of the main reasons for the inadequate intensiveness of animal husbandry is a weak feed base. In some rayons and on some farms, there is no motivated struggle for realization of the Feed Program. Violations of technologies of feed procurement are permitted and their protein balance is not ensured. Improvements are insignificant in the cultivation of fodder crops, especially alfalfa, clover and other leguminous grasses, and inadequate attention is given to growing rape. Large losses of fodder are permitted in storage and transportation. Their costs of producing an animal-husbandry product unit are great.

Labor productivity in animal husbandry and the level of complex mechanization on animal-husbandry farms are growing slowly. In recent years, profitability from production of milk, beef and pork has dropped. The sector's scientific-research institutes poorly promote introduction of industrial technologies in animal husbandry.

The reorganization of management and acceleration of social and economic development going on in the republic have not yet solidly entered into the life of every kolkhoz and sovkhos and have not encompassed all units of the agro-industrial complex.

The Lithuanian SSR Council of Ministers, Gosagroprom, ministries and departments of the republic, party raykoms, rayispolkoms and rayon agro-industrial associations do not fully utilize all possibilities for speeding up development of the social sphere in the countryside. These questions are still not being solved everywhere and have not attained a priority character. On many farms, construction of housing and cultural and educational institutions is proceeding weakly. There are many defects in trade, personal and medical services for the rural population. New forms of these services are not receiving due development for animal-husbandry workers directly at the farms. Furthermore, on some of them, the necessary working and rest conditions have not been created. This affects negatively retention of animal-husbandry workers, especially the young ones, in the countryside.

The work style of many party raykoms relating to management of animal husbandry still retains many obsolete, long out-of-date procedures and methods. Some of them work weakly with agricultural managerial personnel. In many rayons, a reliable reserve of farm managers is lacking. Restructuring of the work of rural primary party organization is proceeding slowly. On many animal-husbandry farms there are few communists and no party groups. Growth of party cadres from among the best animal-husbandry workers is insignificant.

The mass information media are insufficiently professional and militant on animal-husbandry questions.

The plenum of the Central Committee of the Communist Party of Lithuania decrees:

1. To oblige the Buro of the Central Committee of the Communist Party of Lithuania, the Lithuanian SSR Council of Ministers, Gosplan, Gosagroprom and other ministries and departments of the republic's agro-industrial complex, Alitus and Kapsukas gorkoms, raykoms of the Communist Party of Lithuania, rayispolkoms, rayon agro-industrial associations, party, trade-union and komsomol organizations, managers of farms and processing enterprises to adopt the necessary measures for mobilizing the workers of the agro-industrial complex for fulfilling the decisions of the CPSU Congress, further intensification of animal husbandry and increasing the production of these products on the basis of introduction of industrial technologies, the achievements of sciences and advanced experience, improvement of the economic mechanism of management and other factors of restructuring and acceleration.

Guided by the decisions of the 27th party congress, the April (1985) and June (1986) plenums of the CPSU Central Committee, to determinedly improve the style and methods of organizational and political education work with personnel, to raise the level of party guidance of the agro-industrial complex of the republic and social and cultural construction in the countryside.

By the end of the 5-year plan, to bring up meat production in dressed weight to 600,000-620,000 tons, milk to 3.2-3.3 million tons and eggs to 1.1-1.2 billion each, and to boost a cow's milk yield to an average of 4,000 kilograms.

2. Gosagroprom, the State Committee for the Fish Industry, Alitus and Kapsukas gorkoms, raykoms of the Communist Party of Lithuania, rayispolkoms, rayon agro-industrial associations, party, trade-union and komsomol organizations, and heads of kolkhozes and sovkhoses to comprehensively and thoroughly look into the state of affairs of fodder production and animal husbandry at each animal-husbandry farm and complex and in each production unit.

The Central Committee plenum demands that an end be put in the immediate years ahead to the lag in the development of animal husbandry in a number of rayons and farms, that the transition of animal husbandry to the intensive path of development be completed and that this sector be made stable and highly profitable.

To implement a complex of measures for improving selection and breeding work, significantly boosting the productivity of the dairy herd, improving the rearing of young stock and reducing barrenness of cows. To increase the responsibility of specialists of Gosagroprom and its rayon units and personnel of the veterinary services of farms for end work results.

To significantly improve work on boosting the intensiveness of meat production. To make maximal use of existing possibilities and reserves for increasing average daily weight gains of animals and because of this to significantly reduce outlays of feed and labor on the output of a product unit. For the purpose of increasing beef resources, special attention should be concentrated on boosting the delivery weight of young cattle stock and to make efforts to have its basic number delivered to meat combines with a weight of no less than 450 kilograms.

To increase the potential for developing pig raising. To bring up production of pork to 40-42 percent in the total volume of meat. To introduce more actively commercial cross breeding of pigs.

To make use of the possibility for increasing the number of head of cattle on farms with a high level of production intensiveness and a stable feed and material and technical base.

To adopt additional measures for further developing poultry raising, sheep raising, horse raising, rabbit raising and pond fish raising.

To significantly reduce cattle plague and forced slaughter of animals. Not to permit the use of meat for intrafarm needs above prescribed limits on sovkhoses and above-plan amounts on kolkhozes.

To purposefully conduct work on strengthening the material-technical base of animal-husbandry farms and introducing on them modern methods of labor organization and comprehensive mechanization of production processes.

To adopt additional measures for boosting the nutritional condition of cattle and quality of procured milk. To improve the sanitary condition of dairy farms. To increasingly fight against mastitis and other cattle diseases.

On the basis of land improvement, chemicalization and other factors of scientific and technical progress, to significantly boost the yield of fodder crops. To ensure in this connection unconditional fulfillment of the Fodder Program primarily by expanding sowings and significantly boosting the yield of leguminous crops, rape, leguminous grasses and other high protein crops. To adopt decisive measures for improving the quality and reducing the losses of fodder.

To improve economic work in animal husbandry, to direct it to significantly boost the effectiveness of production and labor productivity. In the course of 2 years to ensure the profitability of all animal-husbandry farms. On the basis of improvement of the collective contract and intrafarm cost accounting, wide-scale use of the family contract and utilization of the normative method of planning to achieve on all farms a sharp growth in the yield of the existing production potential and the personal interest of animal-husbandry workers in end work results.

For the purpose of increasing food resources and thereafter making able use of the resources of private subsidiary farms of the population and subsidiary farms of industrial enterprises and organizations. To provide the population with the necessary number of piglets, young poultry and feed.

To concentrate the efforts of workers of the agro-industrial complex on successful and organized carrying out of cattle wintering and increasing production and sale of animal husbandry products to the state during this period. In all parts of the sector during the winter months to create and maintain labor effort and intolerance of deficiencies and not to allow reduction of the productivity of animals and quality of production.

In every possible way to use the initiative of the brigade of animal-husbandry workers of Sabonyay Kolkhoz of Pasvalskiy Rayon in the matter of ensuring early fulfillment of plans of production and sale of animal-husbandry products in the first 2 years of the 5-year plan on the occasion of the 70th anniversary of the Great October Socialist Revolution.

3. Gosplan, Gosagroprom, the Ministry of Grain Products and other ministries and departments of the agro-industrial complex, Alitus and Kapsuskas gorkoms, party raykoms, rayispolkoms, party organizations and economic managers, relying on new methods of administration and management, to ensure priority development of the material and technical base of the processing sectors of industry of the agro-industrial complex and to improve use of the existing production potential. To direct the efforts of labor collectives at expanding the assortment and raising the quality of meat and dairy products. To increase the output of products of enhanced nutritional value. To introduce widely into production the latest achievements of scientific and technical progress and low-waste and waste-free technological processes. Through development and improvement of use of production capacities during the years of the 12th Five-Year Plan to double the production of dry skim milk and whole-milk substitutes and to increase the production of meat-and-bone and fish meal. To organize the production of regenerated milk.

To improve the animal-husbandry products procurement system, to develop and strengthen direct ties of farms and processing enterprises and to implement effective measures for fuller provision of the needs of the mixed-feed industry with protein and other non-grain components. To achieve an improvement in the quality of mixed feeds. To do everything necessary so that in 1990 essentially all forage grain is fed to cattle in processed and protein-enriched form.

4. Gosagroprom, its scientific-research institutes and higher educational institutions and the Lithuanian Academy of Sciences to concentrate their attention on scientific-research work in the field of selection, breeding and feed production, ensuring higher productivity of cattle and more thorough and efficient processing of products. To accelerate the development and introduction into production of biotechnology, gene engineering and membrane technological processes. To make the necessary effort for scientific provision of the agro-industrial complex to contribute to a significant rise in the efficiency of animal husbandry.

To increase the responsibility of scientific institutions for the realization of their developments in production and to boost effectiveness of scientific research. To activate the participation of teaching personnel of agricultural secondary educational institutions in the introduction of scientific developments and advanced experience into production and to increase in this the role of managers and specialists of experimental, educational, and model farms.

5. The Buro of the Central Committee of the Communist Party of Lithuania, the Lithuanian SSR Council of Ministers, the Komsomol Central Committee of Lithuania, the republic Gosagroprom, the Lithuanian SSR State Committee for Vocational and Technical Education, Alitus and Kapsuskas gorkoms, party

raykoms, rayispolkom, rayon agro-industrial associations, primary party and komsomol organizations in the light of increased demands by the party to implement measures for further improvement of training, selection, placement and education of managerial personnel, specialists and personnel of mass animal-husbandry occupations.

To adopt measures for bolstering animal-husbandry complexes and animal-husbandry farms with qualified personnel primarily from among the youth. To make the effort so that by 1989 all animal-husbandry farms as a rule are managed by people with specialized education. To boost in every possible way the prestige of animal-husbandry workers.

To concentrate the efforts of managerial personnel and specialists of animal husbandry on the study of economic methods of management. To systematically carry out certification of all animal-husbandry personnel.

To activate the human factor, fully utilizing for this the rights granted to collectives of employing the stimulating levers of competition.

6. Gosplan, Gosagroprom, the Lithuanian SSR Union of Consumer Cooperatives, the USSR Ministry of Personal Services, the Ministry of Health and other ministries and departments, Alitus and Kapsukskas gorkoms, raykoms of the Communist Party of Lithuania, rayispolkoms, party, trade-union and komsomol organizations and heads of farms to jointly improve the solution of social problems in the countryside. To demand of them the adoption of decisive measures for the elimination of defects in this matter, elimination of lag in construction and turnover in operation of facilities of the social and cultural type and housing. To strive everywhere so that social development of the countryside becomes one of the most effective factors in acceleration of production and rise of labor activity of field personnel and animal-husbandry farms.

To adopt measures for significantly improving medical and cultural services for the rural population.

7. To consider as the most important task of the Lithuanian Republic Council of Trade Unions, the Republic Trade-Union Committee of APK personnel, rayon trade-union committees, rural party raykoms, rural party raykoms, rayispolkoms, rayon agro-industrial associations, primary party, trade-union and komsomol organizations of farms all-out development of the creative activity of animal-husbandry farm workers and their fuller involvement in the process of management of production and increasing the role of labor collectives in the implementation of specific measures for intensification of animal husbandry. Together with economic organs, to pay special attention to the utilization of social and economic factors contributing to the highest effectiveness of national labor and greater effectiveness of socialist competition and to ensure the transition of animal-husbandry workers to optimal work conditions, the collective form of labor organization and cost accounting.

8. Alitus and Kapsukskas gorkoms, raykoms of the Communist Party of Lithuania, on the basis of improved political methods of management of the

economy, to display constant concern for raising the efficiency of primary party organizations and to increase their influence on all aspects of collectives' work. In addition to expansion of the network of local party units in animal-husbandry collectives, to more determinedly conduct restructuring of their work. To conduct everywhere organizational and political mass work contributing to the creation of an atmosphere of efficiency and adherence to principle and an attitude of self-critical analysis of what was achieved. To boost the effectiveness of party control, making it a constituent part of the measures carried out by party organizations.

9. Editorial boards of newspapers and journals, television and radio broadcasting to broadly elucidate the work of party gorkoms and raykoms, primary party organizations of kolkhozes and sovkhozes, enterprises of the agro-industrial complex and labor collectives for the further development of feed production and animal husbandry and fulfillment of the food program, to disclose the reasons for the lag of animal-husbandry sections, farms and rayons and to subject them to businesslike criticism for mismanagement. To constantly maintain the creative search of collectives of animal-husbandry workers, especially in the organization of effective socialist competition and to convincingly propagandize advanced experience and the achievements of science.

Gorkoms and raykoms of the Communist Party of Lithuania without delay to react to critical comments of the mass information media and to provide support for organs of the press, television and radio broadcasting.

* * *

The Plenum of the Central Committee of the Communist Party of Lithuania expresses the firm conviction that party and soviet organs and all communists and workers of the republic's agro-industrial complex in moving toward the 70th anniversary of the Great October Socialist Revolution will do everything necessary for further strengthening the fodder base, accelerating intensification of animal husbandry and accomplishment of the food program and will apply maximum efforts for the fulfillment of the decisions of the 27th party congress and the June (1986) Plenum of the CPSU Central Committee.

7697

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LIVESTOCK AND FEED PROCUREMENT

CATTLE, MEAT SUPPLY PROBLEMS UNRESOLVED UNDER AGROPROM

Moscow IZVESTIYA in Russian 2 Dec 86 p 2

Article by A. Yershov, IZVESTIYA staff correspondent, and V. Kurasov, IZVESTIYA special correspondent, Gorkiy Oblast: "The Fuss Over a Young Bull"; first 2 paragraphs are IZVESTIYA introduction]

[Text] Each year our kolkhoz sells to the state about 600 tons of meat. We transport the cattle to Gorkiy, 140 kilometers one way. On such a long trip, we lose more than a dozen kilograms on each young bull. The losses continue in the combine's preslaughter yard whose equipment leaves much to be desired. The conditions of mutual settlement between the meat combine and the kolkhoz are also imperfect. We frequently hold cattle over at the farm because of lack of transport, which means a loss of quintals.

We hoped that with the creation of the agroprom many of these problems would be solved. But alas....

K. Lazarev, chairman of the people's control group, Vlast Sovetov Kolkhoz, Shatkovskiy Rayon, Gorkiy Oblast

The mail to the editor has many letters similar to this. Their number grows particularly during the peak meat-delivery months of sovkhoses and kolkhozes. Compared to others, the letter from Shatkovskiy Rayon is calm and very restrained in tone. In IZVESTIYA's letter department, they have become more accustomed to telegrams bearing the stamp "Urgent": "We have been waiting for a week for transport from the combine according to the contract for central removal. The cattle are catastrophically getting thinner. We ask for measures to be taken..., " or: "We have been waiting for several days for slaughtering to begin. Help us!" or: "At the combine, the weight of young bulls turned over by the kolkhoz (sovkhos) has dropped significantly...."

The fact that cooperation between cattle breeders and processors is in need of improvement has been stated and written about for a long time.

Before the creation of USSR Gosagroprom and its organs, the reason for conflicts between those turning over meat and those processing it was seen to be the fact that their interrelationships were at the meeting point of departmental interests: on the one hand, the Ministry of Agriculture and, on

the other, the Ministry of Meat and Dairy Industry. Today the former ministries have become subdivisions of a single department--the agroprom. Like K. Lazarev, the author of the letter cited above, many believe that such an organizational reorganization would without fail bring with it a reform of the operation. After traveling in Gorkiy Oblast, we unfortunately have become convinced that a single roof has not served as a guarantee of unity of operations.

Something has been accomplished. For example, schedules of cattle deliveries agreed upon between combines and farms are being observed fairly punctually. This makes it possible to load capacities of meat combines evenly and to observe normative time periods of preslaughter holding of cattle. This perhaps is the only (although important) positive improvement in the chain of production--delivery--processing of meat following the reorganization connected with the creation of agroindustrial committees and associations. We stress that we are now speaking of the state of affairs in Gorkiy Oblast. The editor's mail shows that schedule discipline is not being adhered to in many of the country's other regions.

In the letter of the chairman of the people's control group at Vlast Sovetov Kolkhoz, it states in particular that they have to transport the cattle 140 kilometers one way. In Shatkovskiy Rayon, which each year produces about 5,000 tons of meat, there is no combine and no slaughterhouses with refrigeration plants. True, on the road to the oblast center, the vehicles of Shatkovskiy farms pass close to the Arzamas Combine. But they truly "pass close to," as the capacities of this enterprise can barely manage to process the cattle delivered by the nearest kolkhozes and sovkhoses.

Even in pre-agroprom times, the question was repeatedly raised of the need of building small slaughterhouses with refrigeration facilities in areas where large meat producers are located. This question ostensibly did not exist among the opponents of such a solution. Less than 2 years ago, a deputy minister of the USSR Ministry of Meat and Dairy Industry (since the ministry has been abolished, it would seem unnecessary to give the name of the deputy minister) assured all and sundry: "We are devoting special attention to launching the construction of small-capacity enterprises in areas close to sources of the raw material. Agroprom successfully adopted picking up the torch of "paper launching." In Gorkiy Oblast, not a single such enterprise is being built. The people of Shatkovskiy Rayon transport cattle 140 kilometers. There are farms for whom this trip is twice as long.

For the 47 rayons and 641 farms possessing a plan for delivery of meat, the oblast has 8 combines and 6 production sectors (slaughterhouses with refrigeration facilities). Incidentally, only two could be called combines in the full sense of the word--Gorkiy No 1 and Gorkiy No 2. And another two--Dzerzhinskiy and Ilinogorskiy--with certain reservations (both are in the same rayon). The rest are small-volume with inadequate refrigeration capacities, are poorly equipped with preslaughter yards and do not have their own transport.

As a matter of fact, even the oblast center combines do not offer transportation. Farms bring cattle here basically in their own vehicles,

although, following the fashion, the combines have concluded contracts with them on central removal. We became convinced of the fictitious character of these contracts at the same Vlast Sovetov Kolkhoz.

This is a strong farm. Its chairman, Konstantin Dmitriyevich Lazarev, was conferred this year the title of Hero of Socialist Labor. Accounting and documentation here are all in order. On any question relating to production and the social and every-day life of the kolkhoz, we have received appropriate information in short order. But the chief accountant could not find for a long time the contract on central removal. One had the feeling that this document here was not valid and was not being honored. Smiling ironically, the head of the kolkhoz listened to our reading aloud the contract's paragraphs wherein reference was made to the combine's obligations: in accordance with the schedule, to provide special transport for hauling the cattle away, to be accountable for the quality of its delivery and so on and so forth.... K. Lazarev's guest, the young chairman, of the neighboring Gigant Kolkhoz, Mikhail Likhachev, also smiled. Of the 640 tons delivered by this farm, barely one-tenth go to the combine by means of central removal. The director of Gorkiy Meat Combine No 1, B. Smetov, introduced a correction to this miserable figure: of the total number of cattle processed last year, central removal hauled only 7 percent. Such is its sad arithmetic.

We recall again the statement already cited here of the official of the former USSR Ministry of Meat and Dairy Industry: "Enterprises of the meat industry are shifting to acceptance of cattle and poultry directly at farms with centralized removal of them for processing with special motor transport.... Last year (this means in 1984) meat combines accepted from animal-husbandry farms and transported by central means 37 percent of the total volume of cattle procured for industrial processing.... In 1985, 33 percent more than last year will be taken away...." Well, let this drummed juggling with ceiling figures remain on the conscience of the former administrators of the former union ministry. One thing is bad: wide-scale introduction of central removal (but we nonetheless have experience in such work, for example, in the Baltic) has not yet become one of the chief concerns of agroprom organs.

..Not so long ago, one of us happened to be present at a meeting at the Penza Yelizavetinskiy Sovkhoz (Mokshanskiy Rayon) where we listened to a report and selected a people's control group. Among the instructions given to the personnel of the group was the following: to create a post for people's control for acceptance of cattle at the combine. The proposal was obviously unrealistic--imagine what would happen if each kolkhoz and sovkhoz would set up its own post at the enterprise. But it was evoked by quite real considerations. So far, despite the present common jurisdiction, the state of relations between meat producers and its processor bosses is of the worst.

We have already said that the editorial office frequently receives letters and telegrams from aggrieved deliverers of meat. But combines have not written to the editorial office. It was noted at kolkhozes and sovkhozes: if delivery takes place in the presence of their representative, meat output corresponds to the live (wholesale) weight of the delivered cattle. If the representative is absent, the farm is without fail shortchanged a hundred or two hundred kilograms.

Here is a document authenticated by N. Zotov, the chief accountant of Kostyanskiy Sovkhoz of Shatkovskiy Rayon. In August of this year, the sovkhaz delivered cattle four times to Gorkiy Meat Combine No 1--twice with a representative and twice without one. In the former cases, the farm did not lose a gram, but in the second the difference between the delivered weight and that put on the books for the farm amounted to more than a ton per 25 head, that is, each young bull suddenly "lost" 40 kilograms on the average. In all four cases, the cattle came from a single section where they were maintained under the same conditions.

The sovkhaz did not undertake litigation as it knew ahead of time that it would be unable to prove anything, while the combine would have at its disposal many ways of tangibly reminding the dissatisfied party as to "who was who."

In a word, even after the unification of the administrations of agriculture and the meat and dairy industry under the single roof of the agroprom, relations of kolkhozes and sovkhazes with the combine can hardly be called a real partnership. It is, rather, single combat where the raw-material processors frequently make use of unpermitted methods. As a result, not only the farms but the state as well lose thousands upon thousands of tons of what is as yet a product in short supply--meat.

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POLICY, ORGANIZATION

STATE COMMITTEE FOR PRICES ON FUTURE PROPOSALS

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[Article by V. Golovachev: "Expensive or Cheap? A Report from a Session of the USSR State Committee for Prices"]

[Text] "Nonetheless, gasoline prices are evidently going up soon...."

"Is that correct?"

"A man told me--he has a friend at the State Committee for Prices...."

"But oil is not?"

"Automobile oil?"

"No, butter. They say it will cost 5 rubles a kilogram...."

(From a conversation at a counter.)

On hearing this dialogue by accident, I decided to go to the address to which an ostensibly solid citizen referred "authoritatively" on a store line....At the USSR State Committee for Prices, I was unable to find a specialist who would pass on to anyone "information" of this kind. Still this is understandable, for it could not be called information but an ordinary rumor. The reference to "a man" was made, of course, to lend weight to empty words.

Why did the speaker find it necessary? Let us ask the question more broadly: how do rumors usually originate? How do they arise? The answer is generally known: surmises and rumors appear there where exact information and public knowledge are lacking. An idle fantasy does not necessarily arise in a vacuum. Frequently, this is how it occurs: discussion of a question "in a small group" provides an incentive for all kinds of inventions and puts into operation a "faulty" telephone.

An idle fantasy does not necessarily arise out of thin air. It frequently occurs as follows: the discussion of a question "in a small group" provides the stimulus for all kinds of fabrications and operates a "faulty" telephone.

An example is the emergence of rumors on raising butter prices. How did they occur? They all began with the fact that certain bright people at the former USSR Ministry of Meat and Dairy Industry thought up an idea: to package butter not in paper but in a special imported foil material which would provide better conditions for preservation and would have other advantages. All this would have been all right, but the cost of the butter here would have to be quite appreciably raised....

Staff members of the ministry went with this proposal to the USSR State Committee for Prices.

After brief discussions, the State Committee categorically rejected the proposal: the new packaging might well be better, but would it be worthwhile for the sake of this to increase the prices of such an important food product? And it was rejected, but the distorted information somehow was transformed into a rumor and made its way into the streets.

At the same time, a decision was adopted: in the sale of flour, cereal and granulated sugar supplied to the trade network packaged in paper bags as well as butter and margarine wrapped in grease-proof paper, the price was not raised above the retail prices.

And gasoline? Here there were not even official proposals. Simply the fact that prices for gasoline were raised in some foreign countries does not mean that such would be the case for us. According to the calculations of certain domestic "forecasters," the same thing should have happened. They even named dates--do you remember?--initially the first of September, then the first of October, and now they say beginning with the new year, but actually prices of gasoline will not rise either this year or the next.

"And what about 1988?"--I ask a responsible staff member at the State Committee for Prices.

"I do not know yet," he candidly replies. And he says the truth. For prices depend on a multitude of factors, including on how effectively we all will be working, on the level of oil production, on production cost, on the world situation and so on. To predict exactly changes in those kinds of factors cannot always be done by even the most advanced computer.

"Aha!"--some "shrewd" readers will say. "It is all clear. It means that in 1988 you can expect a price hike..."

Stop! That does not mean a thing. There is no reason to worry. It must be understood that setting of prices does not depend on the wishes of this or that official but on economic conditions, including production costs, sizes of subsidies for other goods (for example, many food products), and so on.

"There will be a planned restructuring of the price system as a whole," it was emphasized at the 27th CPSU Congress, "in the interests of establishing effective cost accounting and in accordance with the objectives of raising the population's real income. Prices should have great flexibility and their level should be tied not only to costs but also to the use values of goods,

effectiveness of products and the degree of balance of a produced product with public needs and the population's requirements. The basic thesis should emanate from this."

In order to eliminate rumors so that there would be no grounds for them, it is apparently necessary to remove the veil of mystery from the price-formation system and to more widely inform the public not only concerning adopted decisions but also concerning those projects which are in the discussion stage.

Thus we decided to prepare this report from a regular meeting of the USSR State Committee for Prices. What questions are discussed there? What is adopted, what is turned down and for what reasons? The editors turned with a pertinent proposal to Valentin Sergeyevich Pavlov, the chairman of the USSR State Committee for Prices.

"A good idea!"--he said. "We have no secrets. Come to any meeting. Incidentally, the next meeting will be next Tuesday."

V.S. Pavlov recently became head of the State Committee, but even today one distinctly senses here restructuring and fresh approaches to organization of work. At one of the first sessions, the chairman and patiently listened to a traditionally long list of revisions for wholesale prices for products of different sectors. The usual routine procedure--that's how it has been from way back. But now the question was put as follows: what is the meaning of our work? All the same, aside from the department and its caretaker deputy chairman of the State Committee, no one knows these figures. We sit, listen and lose time. But even that is not the problem. Responsibility is eroded. This is what happens: the State Committee approves. But we approve blindly. Let us agree on the future: changes in wholesale prices of no particular importance will be approved by deputy chairmen. They are granted broad rights, let us take advantage of them. And at the same time increase their responsibility.

There are many such changes. At a meeting of the committee where I happened to be present, there was not a single trivial question.

They started with a discussion of the results of an examination of wholesale prices of wood wastes and industrial chips. Of 96 million cubic meters of waste material today, only 56.6 million cubic meters are used. That, of course, is little and unprofitable to the state. Why? Don't the prices serve as a stimulus or are there are other reasons? This is something the experts must determine. But the report of V. Protasov, chairman of the expert council, was not distinguished either for clarity or depth. On the one hand, he proposed changing wholesale prices (basically raising them in a regular revision toward the end of the 5-year plan) and, on the other hand, asserted that it was not at all a matter of prices or, more precisely, not only of prices. What was needed was a complex of carefully thought out technical, organizational and economic measures. The speaker discussed at length the necessity of rational utilization of timber resources and their importance to our economy....

A basic question was put to the speaker: would prices help in the solution of the problem? If yes, why then wait for the next revision? If not, why raise them? Incidentally, today's prices ensure high profitability in the production of industrial chips from wood wastes--better than 19 percent with a norm of 15 percent. Why then raise them?

The speaker remained silent. Then ideas were heard concerning this from specialists of the USSR Ministry of Pulp and Paper and Wood Processing Industry, the USSR State Committee for Forestry, the director of the Scientific-Research Institute of Prices and members of the USSR State Committee for Prices. Opinions were divided. V. Groshev, chief of a department at the USSR State Committee for Prices, began to contradict himself in the heat of the discussion, asserting that prices played no significant role, although in a statement signed by him the very opposite was said. V. Pavlov summarized the hour and a half long rather heated discussion:

"The worse a question is prepared, the more time is spent in discussing it. Unfortunately, neither the experts, nor our department have been at their best. The investigation of the problem was approached quite superficially, no real analysis was made, and we were unable to learn anything new. Examination of the question will have to be postponed, as it requires further work."

The question of improving the procedure of setting prices for products of heavy, petroleum, gas, chemical, timber, pulp and paper industry and construction materials was prepared carefully, in depth and comprehensively. The discussion dealt with rates of shipment and services of transport.

The main point of the discussion was to give ministries and departments the right to set wholesale prices for intradepartmental and narrowly specialized products. For example, the USSR Ministry of Power and Electrification is the sole producer of ash and ash-and-cinder mixtures. But the USSR Construction Materials Industry is the chief customer. Would it not be logical for them to reach their own agreements on prices? Why involve in this a third party--the USSR State Committee for Prices? The fewer the intermediate links, the better the mechanism operates.

For slag, metal waste, nonmetal raw materials, refractory materials, iron alloys, piezo-optic mineral raw materials and many other types of products, the ministries themselves or enterprises at their own discretion will now set prices. How many intermediate links will it be possible to eliminate, to what degree will the work be simplified and speeded up and how will the national economy benefit?

Questions pertaining to prices are discussed with special care at the committee's meetings. "Ayes" and "nays" are repeatedly weighed, documents and calculations are scrupulously studied, immediate and remote consequences are predicted.

Why is that some people, far removed from the price formation system, are convinced (and this can be seen in the editors' mail) that practically always the "desire" of personnel of the State Committee for Prices is to secure increased prices for these or those goods. This, of course, does not

correspond to the facts. More often a quite different situation is encountered: a ministry or department determinedly demands retail-price increases, and it is the staff members of the USSR State Committee for Prices that assume the role of the opposition and actively object and in most cases do not permit increased prices for goods.

All that has been said, however, does not mean that mistakes do not occur in the work of the State Committee and its organs in the setting of unjustifiably high prices for items (let us, for example, recall the story of the rugs or woolen kerchiefs for which at first prices were raised and later it was found necessary to lower them) and in the local control over strict observance of the prices locally. Gradual elimination of certain inexpensive goods, especially children's assortment, cases of hiking prices with evasion of prescribed procedure, unjustified conferring of the N index on products, a guideline for so-called cost prices which, as it were, legalizes increased costs of an enterprise instead of putting a stop to them. These defects were written about by TRUD. But these miscalculations and errors are called that because they determine a policy, a position or strategy of the USSR State Committee for Prices. Concern for the interests of the state and concern for raising the living standard of workers are tasks that do not contradict each other but fully coincide in a socialist society.

But even in everyday life specialists determining the level of retail prices are also customers like you and me. They go to the usual stores, service their cars (those who have them) at ordinary filling stations, get a regular salary which in general is lower than average for the national economy as a whole. For what reason should they advocate raising prices where there are no extremely serious reasons for doing it?

And to decisively dispel rumors, let me say that they are not getting ready to raise the prices not only of gasoline and butter, concerning which mention has already been made, but also of furniture, footwear, clothing, dishes....

...Currently the State Committee is discussing the prices for new motor vehicles. Final decisions have as yet not been made, but it can be stated in advance that, for example, the Oka passenger automobile will not cost more than the present Zaporozhets (one of the price variants is within the limits of 3,500 rubles) and the new Moskvich--9,800 rubles.

In letters coming to the editorial office and the State Committee for Prices, meat prices are asked about. This question in general is not examined at the USSR State Committee for Prices. Many readers propose the introduction of a "meat addition" to wages and of a corresponding increase in the price for meat. This, they believe, would not affect the living standard of workers and would make it possible to have profitable production of meat at kolkhozes and sovkhoses. All the opinions--both in support of this proposal and against it--are attentively studied, generalized and analyzed....

Despite all the diversity of this problem, there exist, as they believe at the State Committee, fundamental principles which must always be kept in mind when dealing with retail prices, especially for foodstuffs. The first is that not all or, more accurately, not any expenditures need to be compensated for

or covered by a price. Our strategic course is to boost production efficiency and reduce costs. The second, stemming from the first, is that the people's living standard in any case must not be lowered. The third is that the problem of prices for foodstuffs is closely linked to many others. Take, for example, meat--the question also arises of milk, butter, fish.... And then of clothing, footwear and the like. The fourth is observance of the principle of fairness. How to ensure this? And what would be most correct in this sense--to raise prices and to raise wages, pension, grants and the like or to leave everything as is? The fact is that one and the other have their pros and cons. And as long as there are not any well-reasoned, economically valid answers to these questions, the discussion is pointless.

Incidentally, it seems appropriate to return to the committee meeting where an examination was begun of an interesting item on the agenda--as it happens, retail prices. Here, by the way, the attitude and the position of the staff members of the USSR State Committee for Prices in regard to such a question as raising retail prices were quite clearly manifested.

The Estonian SSR Council of Ministers came to the USSR State Committee for Prices with a proposal: to grant the right to managers of the republic's public-dining enterprises (dining rooms, cafes and restaurants) to set themselves prices for products which are sold in jurisdictional delicatessen stores (departments) and in the small-scale retail trade network, that is, to make an estimate and on its basis to plan prices.

That is how it was prior to 1971. At that time, prices for one and the same products (moreover, not only of public-dining enterprises but in industry as well) varied. Was this good or bad? Some liked it, they say it made for healthy competition, others, on the other hand, did not, believing that this was cheating. On the whole, those who were dissatisfied were not many. And if someone did not want to overpay, then he would have to make the rounds of all trading centers in order to find out where prices were high and where they were lower. Furthermore, at stores attached to restaurants, cafes and dining rooms, various price markups were used, and this increased even more the price "differential."

Checks made at that time showed that certain public-dining enterprises in general used the situation for their own not very seemly purposes. For example, at cafes, semifinished goods began to appear at retail prices for the preparation of one's own products. But the director of a cafe would send the semifinished products to delicatessen stores where things were sold at higher prices. Thus, without any special effort, the cafes acquired undeserved profit and the personnel--bonuses.

Taking all this into consideration, the USSR State Committee for Prices and the USSR Ministry of Trade then reached the following decision: all the said products must be sold at the same prices set in accordance with prescribed procedure. This was in 1971.

However, the Estonian Council of Ministers continued to maintain their point of view and again introduced proposals to return to the former procedure. The question was examined in 1972 and in 1973, but each time the proposals were

declined. And now again it was brought up for discussion. This time the proposal of the Estonian Council of Ministers was joined by the USSR Minister of Trade, which formerly held an opposite position.

What motivated the need to return to the old procedure? "The introduction of a price list," it was stated in a letter of First Deputy Chairman of the Estonian SSR Council of Ministers I. Tosme, "resulted in an increase of steps through which setting of prices passes (enterprise, trusts, Tallin Public-Dining Associations, the ESSR Ministry of Trade, the ESSR State Committee of Prices and back again through the same chain). In the past 10 years, the assortment of food products supplied by the industry and the prices for them changed significantly. Product output norms in preparation of dishes changed. As a result, the production cost of many items of own production exceeds the retail prices of existing price lists. Such a situation led to a decrease in the output and sale of a number of items of own production to the population, to the deterioration of the economic operation of public-dining enterprises and to a significant loss of output of own products.

These are serious arguments. Here there should also be explained the following factor. Formerly, public-dining enterprises received more second and third grade meat, and its price was naturally lower than that of the first grade. Prices were computed on this basis. Today the meat comes first grade as a rule. And the finished product turns out to be unprofitable for dining rooms or restaurants.

B. Safonov, chief of the Food Products Department of the USSR State Committee for Prices in speaking at the meeting reminded us of all this. But he also presented most convincing counter arguments. Restoration of the old procedure could only result in inconsistencies in prices and also--and this is most important--to lack of control over the growth of prices for products of mass demand. This is why it is necessary to think through everything before adopting a decision.

Then a discussion started. It was most lively. In conclusion, V. Pavlov said:

"Let us do as follows: let us ask for an opinion on this question from the councils of ministers of all the union republics, the AUCCTU, ministries of trade and the Central Union of Consumer Cooperatives. And then we shall see.... For the time being let us postpone consideration of this proposal. The question is much more complicated than may appear at first glance."

And everybody agreed on this.

At the same meeting, other questions were also discussed. They pertained to the plan of basic operation of the State Committee for the immediate future and a list of documents of the State Committee....

At 20 hours and 25 minutes, the committee's meeting was concluded--it had lasted almost three and a half hours. The work day of the State Committee's chairman and his deputies continued.

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SALARY IMBALANCE FOR ENGINEERS, MANAGERS STUDIED

Moscow IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA in Russian No 5, Sep-Oct 86 pp 42-54

[Article by S. A. Belanovskiy: "Ways of Improving Salary Structure of Engineering and Managerial Personnel of Industrial Enterprises"; first paragraph is source introduction]

[Text] In the article, conditions are analyzed contributing to the formation of valid correlations in the salaries of different categories of personnel as well as their influence on the job structure of managerial personnel of industrial enterprises. On the basis of the analysis, a need is revealed for correcting the salaries of engineering and managerial personnel, and measures are proposed for the elimination of existing disproportions.

Implementation of the party's strategic policy of accelerating the country's social and economic development, approved by the CPSU 27th Congress, brings to the forefront the task of a sharp shift to intensification of production and significant raising of its efficiency (1, pp 143-146). The main directions of growth of production and operation efficiency are a faster rate of scientific and technical progress and improvement of methods of production management. The solution of the said tasks involves in its turn raising the quality of work of engineering and managerial personnel of all parts of the national economy.

The work quality of personnel in this or that sphere of work and the level of their labor activity largely depend on the methods employed of organization and stimulation of labor. Correct selection of the indicated methods determines to a decisive degree the level of labor activity and the quality of work of an enterprise's personnel, including managerial personnel.

Stimulation of labor through its pay performs a dual function in production. First, it is bound to contribute to an economically advantageous distribution of manpower among sectors and types of production, ensuring thereby a correspondence between the level of importance of different types of work and the quality of manpower drawn to perform it. Second, the organization of labor remuneration should perform the function of stimulating work in the narrow sense of this word, that is, inducing a worker to perform intensive and quality work. Violation of the first of the said functions is usually

expressed by increased turnover of staff personnel, drawing of the most valuable, skilled personnel to other sectors and spheres of economic activity and emergence of difficulties in filling vacancies. Violation of the second function signifies a discrepancy (inadequacy) in the procedure of computing earnings on the basis of the quantity and quality of a worker's labor. A consequence of such discrepancies is the creation in a worker of a feeling of injustice, disloyalty and weakening of the sense of occupational duty and accountability, which results in a reduction of the quality of work performance and finally of production efficiency as a whole.

It would be useful to start an analysis of the effectiveness of the salary organization of engineering and managerial personnel (engineering and technical personnel and employees) with a description of the factors exerting an influence on its dynamics.

We know that in the period after the Great Patriotic War, the earnings of personnel of all sectors of the national economy were characterized by a stable growth tendency. Specifically, in the period of 1950-1984, average monthly earnings of industrial personnel grew from 70.8 to 204.6 rubles, that is, almost 190 percent. At the same time, the growth rate of the pay of different categories of personnel varied. The pay of industrial production workers grew at a faster rate. The dynamics of salaries of engineering and technical personnel and employees was characterized by lower growth rates, which resulted in a considerable convergence of the pay levels of the said categories of personnel (Table 1) (8, p 516; 9, p 417).

Table 1. Correlation of the Earnings of Workers, Engineering-Technical Personnel and Employees in Industry (average pay of production industrial worker = 1)

	1940	1965	1975	1980	1984
Engineering-technical personnel and employees, total	1.65	1.29	1.14	1.07	1.03
Including:					
engineering-technical personnel	2.15	1.46	1.24	1.15	1.11
employees	1.11	0.84	0.82	0.79	0.77

The study of forms and methods of the pay organization of different categories of personnel of industrial enterprises makes it possible to determine a number of special features of the salary organization of engineering and technical personnel and employees exerting a significant influence on the dynamics of their earnings. These features include: limited ability of systems of pay organization of engineering and technical personnel and employees to "absorb" the growth of payments from the wage fund achieved in a planned manner; restrictions of expenditures on the maintenance of the managerial apparatus

established by higher planning managerial organs; more rigid restrictions of payment of bonuses from the material incentive fund for engineering and technical personnel and employees compared to other categories of personnel.

As we know, state plans of USSR economic and social development provide for a planned growth of the pay of workers and employees in all sectors of the national economy, including in industry. Specifically, the average annual growth rate of the average monthly earnings of workers and employees amounted to 2.5-3.0 percent during the 11th Five-Year Plan. The same growth rate of average monthly pay of workers and employees has been provided for the 12th Five-Year Plan (1, p 311).

The process of planned raising of the pay of personnel of industrial enterprises brings up the problem of distribution of growth of pay among different occupational groups of employed people. The complexity of the problem of distribution of the planned growth of earnings lies in the fact that the economic practicability of boosting pay for one or another group of workers because of the necessity of reducing personnel turnover or their shortage must correspond to the methods of pay organization of corresponding occupational groups established by labor legislation. Comparative analysis of the pay systems of workers and employees in industry shows that the absorbing capacity of these systems with respect to planned growth varies.

We know that the earnings of workers and employees in industry include payments from the wage fund and payments from the material incentive fund. A basic element of workers' payments from the wage fund is wage rates and of engineering and technical personnel and employees--salary sizes. Pay based on wage rates and salaried pay are the most stable constituents of the earnings of workers and employees. The size of pay based on a rate is controlled by higher managerial planning organs on the basis of indicators of the average grade category of workers and the requirements of the Unified Job and Wage Rates Classification Manual as well as standard lists of occupations with pay based on raised wage rates. The amount of salaried pay is regulated by standard structures and lists of permanent positions and their salaries of the managerial apparatus of an enterprise and by norms of correlation of the number of managerial personnel with their positions as well as by existing rules of working up lists of staff positions and salaries in accordance with which the amounts of salaries according to the list of permanent positions and their salaries must not exceed their average sizes based on the scheme of positional salaries (11, p 245, 258, 280). Stricter normative control (compared to other components of earnings) of pay based on wage rates and salaries is shown in the fact that the rates of their growth perceptibly lag behind the growth rate of the average monthly earnings of the said categories of personnel.

The limitation of the possibilities of significant growth of pay based on wage rates or salaries results in the fact that average monthly earnings of personnel begin to increase primarily through supplemental payments. A radical difference between existing pay systems of workers and employees is that the organization of workers' pay provides for a large number of different supplemental sources of payments. The principal source of increase is the addition of bonuses from the wage fund. In those cases where further growth

of the sizes of bonus payments is impossible (Footnote 1), growth of earnings may occur through other channels of which the most important are: (a) payments to workers for performing two jobs, expansion of areas of services and so on; (b) regulation of the degree of intensity of work norms. As M.I. Belkin and V.A. Volkonskiy point out, in the period between revisions of rate schedules, work norms perform the function of regulating the size of earnings (12, p 111).

The number of additional payment sources included in the pay of engineering and technical personnel and employees in contrast to workers is minimal. The small share of supplemental payments included in the earnings of engineering and technical personnel is due to their small volume and to the conditions of crediting. The most serious limiting factor in the growth of pay of engineering and technical personnel and employees is the condition of the Basic Regulations on Awarding Bonuses to Personnel of Production Associations and Enterprises of Industry for the Basic Results of Operational Activity according to which this category of personnel may not receive bonuses from the wage fund (Footnote 2) (14, p 70). In the system of salaries of engineering and technical personnel and employees, such sources of payments are absent as piece-rate extra earnings, supplementary payments for holding two jobs, payment on the basis of existing work rates, rates drawn up above the personal grade of the worker, overtime pay and so forth.

An additional possibility of increasing the size of payments from the wage fund of workers and employees of industrial enterprises is redistribution of workers among different occupational groups. The Statute on the Socialist State Enterprise provides for it the right to independently work out (on the basis of standard provisions) structure and staffs as well as to establish pay forms and systems. The indicated rules make it possible for enterprises to raise the level of pay of individual categories of workers by transferring them to a higher paying occupational group. As applied to workers, this means the possibility of redistributing their number according to wage categories, piece-rate or time-rate forms of pay (Footnote 3), as well as within certain limits on the basis of occupations and types of production activity paid as work under difficult, harmful, particularly harmful or particularly difficult conditions (11, pp 240, 245, 280). Applied to engineering and managerial personnel and employees, this means an increase in the number of personnel with higher salaries because of a change in the correlation of the number of different positional groups and subdivisions of the managerial apparatus of an enterprise as well as by means of incomplete filling of low-paid vacancies in the list of permanent positions. In the latter case, this process is eased by the fact that there is a lack in the pay system of engineering and technical personnel and workers of an indicator comparable to the average wage category of workers.

Thus, the basic factor of increase of the average pay of engineering and technical personnel and employees (more accurately the average size of payments from the wage fund) is growth of basic-salary payments. The growth of salary payments attained primarily through redistribution of the number of personnel on the basis of occupied positions in turn results in deformation of the staff structure of engineering and managerial personnel as a consequence of curtailment of the portion of personnel with low salaries. Specifically a

stable tendency exists at industrial enterprises for reduction of the share of employees in the total number of engineering and technical personnel and employees (Table 2). The number of technicians, office workers and other groups of auxiliary administrative personnel is being particularly sharply reduced (8, p 191; 9, p 132).

Table 2. Correlation of the Number of Engineering-Technical Personnel and Employees in USSR Industry, %

	1940	1965	1975	1980	1984
Engineering-technical personnel and employees, total	100.0	100.0	100.0	100.0	100.0
Including:					
engineering-technical personnel	52.0	72.7	77.0	80.1	80.8
employees	48.0	27.3	23.0	19.9	19.2

The second factor exerting an influence on the dynamics of the pay of managerial personnel is the existing procedure of planning the number and salaries of an enterprise's managerial-apparatus personnel (AUP). As we know, at the present time the drawing up of the list of permanent positions and their salaries is based on the following principles. In accordance with the decree of the CPSU Council of Ministers "On Measures for Improving and Reducing the Cost of the Managerial Apparatus" of 13 October 1969, a higher organization each year assigns to an enterprise the limit of maximal appropriations for administrative and management expenditures (see (5, p 99)). The expenditures limited by the maximal appropriations include expenditures on the pay (wage fund) of personnel of the enterprise's managerial apparatus as well as maintenance of official passenger automobiles, guards, official business trips, deductions for social insurance and several others. Taking into consideration that the possibilities of curtailing the said expenditures are limited at enterprises, the establishment of a limit on maximal appropriations actually means limiting sizes of the wage fund of an enterprise's managerial apparatus. At the same time, in the compilation of a state plan and budget for ministries (departments) of the USSR and union republics, targets are designated for reducing the cost of the managerial apparatus, which are turned over to the enterprises (11, p 239). In practice, the limit of maximal appropriations "is planned on the basis of the actual level for the reporting year minus the target for reduction and plus the additional limits for provision of newly operational facilities" (15, p 88).

The limitations of the wage fund imposed by the maximal appropriations for the maintenance of the managerial apparatus are an additional factor causing a deformation of the structure of the positions of engineering and managerial personnel inasmuch as the number of personnel not included in an enterprise's managerial apparatus (engineering engaged in design and technological

operations and others) grows under these circumstances at a quicker rate than the number of the actual personnel of the enterprise's managerial apparatus.

The establishment of a limit for payments from the wage fund is supplemented as has already been mentioned above by control over observance of the size of medium-range salaries according to the list of permanent positions and norms of correlation of the total number of personnel according to positional groups, that is, control over the size of the average salary of managerial apparatus personnel. At the same time, the establishment by enterprises of a wage fund and of the size of average monthly payments for administrative and managerial personnel exerts a significant influence on the structure of the cadre composition of managerial personnel, increasing among them the share of low-skilled and insufficiently occupied personnel (Footnote 4).

Limitations on growth of payments from the wage fund for engineering and managerial personnel are supplemented by rigid restrictions of bonus payments from the material incentive fund. We know that the organization of bonus payments for engineering and technical personnel and employees at industrial enterprises differs from the organization of bonus payments for workers. First, bonuses from the wage fund are paid to personnel regardless of the state of its expenditure on the sector, shop and enterprise while bonus payments from the material incentive fund are limited by the total size of the fund credited to the enterprise (14, p 70). Second, crediting of bonuses for engineering and technical personnel and employees is limited by a considerably larger number of indicators and conditions than for industrial production workers (Footnote 5).

As V.D. Rakoti points out (16, pp 74-75), the system of material stimulation of engineering and technical personnel and employees engaged in industry in recent years has repeatedly undergone changes and additions for the purpose of increasing the personal interest of workers in the solution of different production tasks. As a result, it was found overloaded with indicators and conditions. For the existing system of awarding bonuses, the payment of bonuses for the simultaneous fulfillment of several production indicators and conditions is characteristic. At the same time, the part of indicators and conditions considered the most important in the assessment of operational activity is obligatory in regard to fulfillment. This means that in the developed situation, obtaining a bonus for the fulfillment of one or another production indicator comes from the fulfillment of a whole series of other indicators. Particularly stringent conditions have been established at the present time for line production managers and managers of the top echelon of an enterprise.

As we know, up to the end of 1982, payment of bonuses to managerial personnel of industrial enterprises was done on fulfillment of the plan on the basis of five fundamental indicators: profit, the most important product mix, growth of labor productivity, relative share of products of the highest category of quality and contract deliveries of products. Failure to fulfill even one of them on the condition of fulfillment of the rest served as a reason for depriving a worker of an award. The new indicators introduced in 1983--economy of material resources and production cost--increased the number of limitations to seven. At the same time, the indicator "most important product

mix" usually contains quite a large number of positions whose number at some enterprises reaches several dozen. In case of nonfulfillment of plan even with respect to one position of the most important product mix, no bonus is issued.

In accordance with Basic Provisions on Awarding Bonuses to Personnel of Production Associations and Industrial Enterprises for the Basic Results of Operational Activity, organs of economic management (ministries, all-union industrial associations, main administrations and so on) have the right to establish for enterprises additional indicators and conditions for awarding of bonuses. Practical experience shows that the establishment of five-six additional indicators and conditions is a regular occurrence.

In addition to the basic restrictions, there exists quite an extensive listing of production lapses and violations for which workers, first of all managers, are deprived completely or partially of bonuses credited for the basic results of operational activity. Specifically, managerial personnel are deprived of bonuses in the case of overexpenditure of the wage fund, in the case of late unloading of railroad cars, nonfulfillment of a plan for the startup of constructed facilities and so on. The number of violations resulting in deprivation of bonuses has grown rapidly in recent years (16, p 76).

	1966	1970	1975	1980	1982
Number of registered violations and oversights	6	7	13	20	22

A specially strong influence on the organization of a system of awarding bonuses to managerial personnel of enterprises was exerted by decrees enacted during 1978-1981 in accordance with which bonuses for managers, engineering and technical personnel and employees began to depend on the extent of fulfillment of contractual obligations for product deliveries by a plant (18, 19).

In conformity with rules existing at the present time, the percent of undelivered products by industrial enterprises must not exceed 2 percent and in isolated cases 3 percent of the total volume of their production. In the case of exceeding the said limit, managerial personnel of enterprises are completely deprived of bonuses. In the case of nonfulfillment of the delivery plan by a percentage smaller than the maximal, premiums are paid on a reduced amount according to a special scale (17, p 76; 19, p 15). In addition to this, Gosstat USSR has approved a list of the most important types of products, and with nonfulfillment of their delivery plan, bonuses for managerial personnel are not paid regardless of the maximal percent. It was also established that enterprises tolerating nondeliveries of products for orders or contracts cannot be awarded class places and bonuses following totaling of the results of the all-union and republic socialist competition.

A selective survey of enterprises conducted by the Scientific-Research Institute of Labor showed that many enterprises are not ready for the introduction of the rigid system of requirements described above since,

according to data of the survey, about half of the industrial enterprises were unable to stay within the maximum percent of product nondeliveries specified for them. In the 3rd quarter of 1982, managerial personnel of almost two-thirds of the surveyed enterprises lost their bonuses completely for nonfulfillment of product deliveries, while at one-quarter of the enterprises, the size of bonuses was reduced as the volume of nondeliveries was within the limits of the established maximum percent. Had the volume of product sales been rated without taking deliveries into account, the relative share of those not leaving enterprises (not fulfilling the plan would have been reduced by 10 percent of the total number (16, pp 85-86).

Table 3. Correlation of Growth Levels and Dynamics of Average Monthly Earnings of Personnel of Production (except for Agriculture) and Nonproduction Sectors of the National Economy

	Average monthly pay, rubles		Pay growth for the period 1965-1983 in percent of 1965
	1965	1983	
Industry, transport and capital construction	105.8	206.1	194.8
Communications, trade and public dining, material- technical supply, sales, procurement, sectors of nonproduction sphere	86.8	145.7	167.9
Correlation of pay levels of sectors' personnel (line 1 in percent of line 2)	121.9	141.5	--

Despite a certain improvement in the fulfillment of product-delivery commitments by enterprises during 1983-1985, the share of managers completely or partially deprived of a bonus remains high as before.

The special features of pay organization of engineering and technical personnel and employees in industry examined above cannot, however, be considered as the ultimate causes of the unfavorable pay dynamics of this category of personnel inasmuch as these features themselves came into being under the influence of a certain type of ideas concerning its economic appropriateness. We know that material production in the USSR national economy, first of all production of the means of production, has priority in provision of resources before other sectors of the national economy. This is

reflected in the correlation and dynamics of the growth of earnings of personnel of the indicated sectors (Table 3) (9, pp 393-394).

Although the existing system of rules includes managerial personnel under industrial production personnel and takes them into consideration in determination of the indicator of labor productivity, management of production in the system of national-economic priorities to a certain extent is equated with nonproduction types of activity. Specifically, this is reflected in limitations of appropriations for administrative and managerial costs and in measures regularly carried out to reduce the size of the production managerial apparatus. At the same time, priorities established at the national-economic level may not coincide with intraplant priorities. This means that the limitations imposed by higher organs on planning management in conformity with the national-economic system of priorities can under certain conditions hinder the realization of the economically practicable distribution of manpower within industrial enterprises.

One of the most serious personnel problems arising at enterprises as a consequence of the inadequacy of the salary system for engineering and technical personnel and employees is the problem of filling the positions of managers of production units with qualified manpower not subject to turnover. It is generally known that the replacement rate of foremen rarely exceeds the corresponding indicators of movement of trained staffs of industrial workers. Thus the general director of Elektrosila Production Association points out that "the pay conditions of a foreman no longer are in accord with the degree of his responsibility and complexity of labor. In the most difficult, which means the most responsible shops, the staff of foremen is sometimes completely replaced in the course of 3-4 years, and the association as a whole loses annually up to 20 percent of their number. At the same time, the foreman belongs to that category of engineering and technical personnel where length of service and experience are most necessary" (20, p 101).

The defects in the system of salary organization of engineering and technical personnel and employees have led to an increase in the cadre turnover of a number of official groups of specialists (engineers, technicians, economists and others) as well as to rapid growth in the number of specialists with diplomas engaged in worker occupations (21, p 10).

As was already pointed out, one of the reasons for the reduction of the relative salary size of engineering and technical personnel and employees is tightening of the system of indicators and the conditions of bonus awards. The purpose of measures implemented in this sphere is increased accountability of managerial personnel for the end results of operational activity of enterprises. But the policy of increasing the accountability and labor activity of managerial personnel is incompatible with the reduction of the prestige of engineering and managerial work, reduction of its national-economic priority and as a consequences restrictions on the growth of pay for this category of personnel. Growth of the share of the interchangeable portion of pay and increased sanctions for nonfulfillment of these or those production indicators has its practicable limits, the exceeding of which

results in turnover of the trained staff of engineering and managerial cadres and in the final analysis in reduction of the quality of functions performed by them.

Raising the quality of management at industrial enterprises presupposes the necessity of arresting the process of "erosion" of quality manpower from the staff of engineering and managerial personnel. As was pointed out in the materials of the April (1985) Plenum of the CPSU Central Committee, "one cannot consider normal reduction of the prestige of engineering work. Here something is wrong, and we must elevate the role and prestige of foremen, engineers, technologists and designers and boost the material and moral stimuli of their labor" (4, p 1). Overcoming the tendency of a lag in the salary growth rate of engineering and managerial personnel compared to other groups of persons employed in the national economy makes necessary a relative increase in the remuneration of their labor. The solution of this problem requires in turn determination of the minimally necessary salary level of an enterprise's managerial personnel.

Determination of the necessary salary level of managerial personnel can be advantageously considered in connection with the position of a foreman. We know that the degree of salary satisfaction of personnel is determined not only by its absolute size and purchasing power but also by its relative level. N.F. Naumova writes that "one and the same pay may evoke both satisfaction and dissatisfaction depending on the category of personnel: it is determined by the sex and age, occupational skill and other characteristics of this group of workers. Fairness of pay is usually determined not only by its correspondence to quantity and quality of labor but also in the process of continuous 'social comparison' of one's pay with the pay of other people and groups" (22, p 79).

It is clear that the most important 'comparison group' for the foreman is formed for him by the collective of workers under him. However, a group of industrial production workers is not homogeneous in regard to its occupational and skill composition and pay level. In this connection, there are grounds for assuming that in evaluations of fairness of pay level the foreman compares the size of the earnings he receives not with the average pay of the workers under him but with the highest. Such a mechanism of formation of a criterion of appraisal of pay level is due to the fact that a good foreman, possessing the skill to perform any work in his sector, considers the higher level of pay of his workers as an outright loss of his earnings because he could earn more as such a worker (Footnote 6). The conclusion that a foreman's pay ought not to be lower than the pay of highly paid workers is also indirectly confirmed by the fact that enterprises rarely experience difficulties with brigade leaders, although the level of their pay usually exceeds foremen's earnings.

Rough calculations show that if the average pay of a foreman is taken at the level of average earnings of 10 percent of the highest paid workers of this enterprise, it will increase approximately 1.40-1.45-fold. Since such a method of calculation does not take into account differences in the size of average pay in the organizational units of the plant, that is, it overstates the difference in the pay of a foreman and highly paid workers under him, the required increase in the pay of foremen may be considered to be equal to 1.35. In retaining presently existing correlations between the size of the pay of

foreman and other official groups of engineering and managerial personnel as well as with an unchanged correlation of their number, the salaries of the entire category of managerial personnel will be increased by the indicated figure.

Raising the level of pay of managerial personnel (engineering and technical personnel and employees) 1.35-fold will result in an increase in the earnings of all industrial production personnel by roughly 6.5 percent. If with the retention of the developed annual growth rate (2.5 percent) of the pay of industrial workers, its entire growth were to be directed to increasing the pay of engineering and managerial personnel and employees, the said increase would be achieved in two and a half years.

Preservation of stable relationships between the pay levels of managerial personnel and industrial production workers as well as prevention of further deformations of the staff structure of engineering and managerial personnel creates the necessity of changes in the system of pay organization of engineering and technical personnel and employees. As has already been pointed out, the existing system of organization of payments from the wage fund under the conditions of a planned growth of the average pay of industrial personnel inevitably results either in a lag of the pay growth rate of engineering and technical personnel and employees compared to worker personnel or to disruption of the proportions existing among official groups of managerial personnel. In this connection, it would be useful to provide, in addition to shifting personnel to higher paid positions, the possibility of increasing the amount of payments from the wage fund. For this purpose, awarding of bonuses to engineering and technical personnel and employees should be done not only from the material incentive fund but also from the wage fund. The measure will make it possible to proportionally increase the pay of all categories of industrial production personnel without altering at the same time the structure of the list of permanent positions. Another possibility of increasing the absorbing capacity of the pay system of engineering and technical personnel and employees is annually raising the basic portion of earnings by the size of the plan-designated growth of average monthly payments from the wage fund. As P. Dubovoy notes, "one solution of this problem could be correcting the average salary for an enterprise depending on the 'aging' of the scheme of regular salaries. This would make it possible for enterprises in the time between revisions of the scheme of regular salaries of engineering and technical personnel and employees to carry out their more planned rise in conformity with growth of skills, work experience and the labor contribution of personnel" (24, p 116).

In addition to this, the procedure of planning maximum allocations for the maintenance of the enterprise's managerial apparatus and preparation of the list of permanent positions of the enterprise's managerial apparatus is in need of improvement. First of all it would appear necessary to eliminate differences in the terms "administrative and managerial personnel" and "engineering and technical personnel and employees" inasmuch as the use in planning practice of statistical terms not coinciding in their meaning leads to an unjustifiable alteration of the staff structure of engineering and managerial personnel. At the present time, a large amount of work has already been done on this question, particularly with respect to the preparation of

sectoral norms of size of engineering and technical personnel and employees for enterprises and organizations of industry and other sectors of material production, making it possible to proceed to a determination of the size of the said personnel and the costs of their maintenance on the basis of norms (6, pp 512-513). Since 1977, a switch has been made in six ministries in the form of an experiment to the normative planning of the the number and the wage fund of ail (and not just those belonging to the category of the enterprise's managerial apparatus) engineering and technical personnel and employees (25, pp 5-7).

The introduction of a normative method of planning the number of engineering and technical personnel and employees makes it possible to abandon the practice of establishing for enterprises targets not confirmed by calculations for reducing the wage fund and the size of administrative and managerial personnel (26, p 8).

Furthermore, it would appear necessary to simplify the procedure of preparing the list of positions of the managerial apparatus and to increase the independence of enterprises in this matter. As V. Krasnokutskiy points out, it would be advisable to reduce the number of restrictions to a minimum, leaving, for example, the limit of maximum allocations (the wage fund) and the limit on the size of the managerial personnel as upper restrictions but abolishing the limitation on growth of average monthly earnings (15, p 90). Such a measure would make it possible to halt the process of increasing the size of the managerial apparatus by increasing the share of low-paid and low-skilled personnel.

The directions described above of improving the pay organization of managerial personnel were introduced as an experiment at a number of production associations in Leningrad (the so-called "Leningrad experiment") (27, p 35-38). The chief objectives of the experiment were improvingg the relation between the pay levels of engineering and technical personnel and workers, providing incentives for the highly skilled labor of engineering and technical personnel (designers and technologists) through economy of the wage fund, completion of the prescribed amount of work with a smaller number of personnel. The indicated tasks are being solved by providing enterprises and associations more independence in the field of pay organization of personnel of design and technological units belonging to them.

In conformity with the statute on the procedure of conducting the experiment, a permanent wage fund was approved for the period of the experiment based on its actual level at the beginning of the experiment. The association's general director was granted the right to determine what number of job units were required for the subdivisions and what salary to set for this or that worker. For the purpose of boosting material interest in performing work with a fewer number of personnel, increases to the salaries of designers, technologists, leading and senior engineers could be established through economy of the wage fund for the period of planned time for the performance of work in this or that period. In addition to the above-enumerated increases there are also being introduced additional payments for holding two positions and performing work above prescribed norms. The sizes of these additional payments are determined by managers within the limits of the existing economy

of the wage fund for the list of permanent positions as the result of released personnel.

An important measure for strengthening the trained staff of engineering and managerial personnel of industrial enterprises and regulating the remuneration of their labor is implementation of the decrees of the CPSU Central Committee, the USSR Council of Ministers and the AUCTTU of 22 May 1985 "On Improving the Remuneration of Labor of Scientific Personnel, Designers and Technologists in Industry" and that of the USSR Council of Ministers and the AUCCTU "On Further Enhancing the Role of Foremen, Chiefs of Sectors and Shops of Associations, Enterprises and Organizations of Industry and on Increasing Stimulation of Their Labor." At the same time, let us note that the effectiveness of these measures will largely depend on the concrete conditions in which they are implemented. As practice shows, enterprises do not always make full use of the rights granted them in the field of labor and wages. By way of example, there may be pointed out the right granted to enterprises in 1979 to assign 1 percent of the wage fund for the establishment of salary increases for engineering and technical personnel (instead of the previously prescribed 0.3 percent of the fund) (13, p 75). With the wage fund of engineering and technical personnel increased by 0.7 percent of the total amount of an enterprise's wage fund, the increase per staff member should amount to about 8.5 rubles. Actual salaries of engineering and technical personnel in 1980 increased, however, by 3.6 rubles and, after taking into account factors of "natural growth," by 2.3-2.5 rubles. Unfortunately, the scientific literatures lacks publications dealing with an analysis of the causes of the considerable underutilization of the right of designating increases granted to enterprises.

It should also be noted that for a number of official groups of engineering and managerial personnel (economists and engineers not engaged in design or technological work, technical executors and others), the decrees noted above do not apply and that in practice this may result in certain negative consequences: increased turnover and shortage of training people of the given categories of personnel. For the purpose of avoiding this, corrective measures are required aimed at maintaining the pay proportions of the indicated official groups.

The question applying to organization of material stimulation of managerial personnel is more complex. In USSR industry, a significant increase has been observed in the postwar period of bonuses included in the pay of engineering and technical personnel. It grew particularly sharply after the economic reform of 1965. At the present time, in the opinion of a number of economists, the share of the variable part of pay of engineering and technical personnel should be additionally increased (see, for example, (26, p 10)). But as has already been pointed out, growth of the variable share of earnings and the tightening of conditions of bonus payments have sensible limits. Under conditions where engineering and managerial personnel of industrial enterprises engaged in insufficiently active work relating to the maintenance of a high level of organization of production activity, increased tightening of conditions of bonus payments (as well as other administrative sanctions) can lead to increased responsibility for the corresponding group of personnel, that is, provide a growing economic return. But with the exhaustion of

available economic reserves, further intensification of sanctions for the nonfulfillment of plan targets begins to be perceived by staff workers as unjust, which provokes the growth of their potential and subsequently actual turnover (Footnote 7).

In addition to the necessity of stabilizing the share of the variable portion of managerial personnel's earnings, it appears necessary to improve the existing procedure of awarding bonuses to engineering and technical personnel and employees from the material incentive fund. The chief defect of the existing systems of awarding bonuses is that they do not take into account the objective reasons for nonfulfillment of plan targets. What was said can be illustrated with the example described above of the statute establishing a relation between payment of bonuses and fulfillment of the product delivery plan.⁽¹⁹⁾ The indicated statute does not explain cases where nonfulfillment of the delivery plan by an enterprise is due to delivery shortages of products from other enterprises. Such a situation frequently gives rise to a feeling of injustice among the enterprise's managerial personnel and instead of stimulating labor activity leads to a dampening effect. Elimination of this defect is a complex economic and legal problem whose analysis exceeds the scope of the present work. Nonetheless, the search for a satisfactory solution of this problem constitutes an important direction of improving the pay system of managerial personnel of industrial enterprises.

FOOTNOTES

1. The amounts of bonuses paid from the wage fund to workers for basic results of operational activity should not exceed the maximal sizes of bonuses established for a given sector of the national economy. In most sectors, such a maximum calculated for a month is equal to 40 percent of piece-rate earnings or of the wage rate (10, p 167).
2. Actually, engineering and technical personnel and employees receive bonuses from the wage fund in those cases where owing to production necessity they temporarily perform the duties of a worker, but the size of of these payments does not practically affect the size of their average monthly pay.
3. The wage rates of piece-rate workers whose labor is considered more intensive than the labor of time-rate workers are set at a higher rate of approximately 7-8 percent (10, p 148).
4. M. Belkin and V. Volkonskiy comment on this question: "In view of the impossibility of boosting the salary of a highly skilled specialist because of the restrictions of the arrangement of official salaries or indicators of average pay, enterprise managers hire for work low-paid personnel so as to increase the salary of highly paid specialists through average salary size. Small and medium-size enterprises which amounted to 84.8 percent in number in industry were obliged for the sake of a single skilled specialist to create an entire unit (department, bureau, group). This frequently means the presence of personnel with an insufficient work load" (12, pp 119-120).

5. In practice, the payment of bonuses to industrial production workers is determined by two or three production indicators (12, p 120). In the overwhelming majority of cases, workers do not receive bonuses because of extended downtime, making it impossible to fulfill designated indicators, or because of violations of labor discipline.
6. Let us point out for the sake of comparison: In the United States, "the opinion is widespread that a differential of 20-25 percent should be maintained between the pay of a foreman and that of the highest-paid workers in his sector" 23, 151).
7. There are grounds for supposing that the tightening carried out during 1977-1983 of conditions of awarding bonuses to engineering and technical personnel resulted in a marked increase of actual and particularly of potential turnover of cadres of managers and specialists. In particular, the extremely high level of potential turnover and the growth of actual turnover of production managers was noted in the survey conducted by T. Mozyreva (28, p 181, 189).

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CIVIL AVIATION

SVERDLOVSK AIRPORT RUNWAY IMPROVEMENTS LAG

Moscow VOZDUSHNYY TRANSPORT in Russian 11 Dec 86 p 1

[Article by VOZDUSHNYY TRANSPORT correspondent V. Deberdeyev, Sverdlovsk, under the rubric "Construction--A Cause for Anxiety": "The Requirements of the Day--Deadlines and Organization"; first 6 paragraphs are source introduction]

[Text] -- Some 14 million rubles have not been assimilated over 11 months of productive construction. The Armenian, Belorussian, Far Eastern, West Siberian, Kazakh, Latvian, Volga, Ukrainian, Kirghiz, Moldavian and some other administrations of civil aviation have tolerated an especially great lag.

--In 1986 the planning documentation for some 20 construction sites of Aviastroy [Aviation Facilities Construction] Association was not ready in time.

--The construction of the start-up facilities in Krasnoyarsk provokes anxiety. The turnover of an 80-unit apartment building is threatened with disruption. The reason is a lack of a freight elevator at the fault of the client, the Krasnoyarsk Airport.

They have been unable to place the boiler in service here for three years. The reason is the same--the client has not supplied the facility with the needed equipment.

--The timely and high-quality development of planning estimate documentation is the foundation for the regular and successful progress of construction.

Some facilities are still being built using outdated plans. The plans for the Syktyvkar airport complex, the expansion of the Tbilisi Airport, the petroleum-products warehouse at Salekhard and the training-laboratory wing at the Sasovskiy Institute required substantial refinement.

Sverdlovsk--It is quite clear to all that the Sverdlovsk gateway, the heart of the "support base of the state" (as the poet Uralskiy called the region) is in acute need of a modern runway that is suitable for all the types of aircraft operating in the industry today.

Furthermore, the technical capabilities of the existing Sverdlovsk runway, largely outdated, do not meet modern requirements, and have artificially restrained the development of passenger transport. It is enough to say that over the last two five-year plans, departures of air travelers from Koltsovo Airport have remained at practically the same level, and are not growing.

That is why the decision was made in a timely fashion, taking into account the prospects for its development as well as the operation of Il-86 aircraft here projected for next year, to build a new runway here, VPP-2. It was begun in 1981.

Its construction also simultaneously solves the problem, so important for flight safety, of using the Sverdlovsk Koltsovo Central Airport as a back-up for long-haul aircraft to Moscow from the east. The ultimate deadline for the turnover of VPP-2 into operation was determined to be the fourth quarter of this year.

The work was done by the general contractor, the Sverdlovskdorstroy [Sverdlovsk Road-Building] Trust headed by manager M. Shukhat, and the subcontractor organizations were the Uralstroymekhanizatsiya [Urals Construction Mechanization] Trust under Ye. Streinikov and two administrations from our sector: Aviaspetsmontazhnaladka [Special Aviation Installation and Set-Up] (Chief A. Snegirev) and Aeroportspetsmontazh [Airport Special Installation] (V. Aliksin).

These collectives carried out a large volume of construction and installation work. Thus, some 250,000 square meters of cement and asphalt-cement surface were laid down, over 200 kilometers of various types, sizes and functions of cable were laid across airport territory and beyond its boundaries, up to ten technical structures were built etc. And all of this was done under conditions of an airport operating around the clock.

Much assistance in organizing the construction of the new runway was rendered to both the client--the Sverdlovsk Airport--and the contractors by local party and soviet organs. In particular, sessions of the construction-site staff are held here by the Sverdlovsk CPSU Obkom Transportation and Communications Department Chief A. Nebesnov or his deputy, V. Zabroda, every Thursday during the current "launch" year. The first secretary of the Oktyabrskiy Party Raykom, M. Repenko, also frequently visits the construction site. All of this has helped to resolve efficiently issues and problems associated with the fulfillment of the state plan for the construction of the new runway.

And then the time came to turn over the facilities of the first start-up complex of VPP-2. A representative working group from the ministry was sent to Sverdlovsk composed of managers and specialists of a number of administrations in the MGA [Ministry of Civil Aviation] apparatus, headed by I. Razumovskiy.

The working group established that in the course of the construction of VPP-2, many shortcomings were tolerated. The Urals trusts and the Aviastroy Administration did not always work in concert both with the client and with each other. Frequently the contractors fooled the construction site with

regard to supplying people and equipment. Serious miscalculations were permitted by the representatives of the Aeroprojekt [Central Office for the Surveying and Planning of Air Routes and Airports] Institute, for example, on the issue of cleaning structures. Even the client itself--the Sverdlovsk Airport--was not always so lofty: the inadequate interaction of its services that was manifested in the "provincialism" of their managers, which was possible due to the lack of a coordinating hand, hindered the production process at the start-up facility and slowed the construction and installation work.

The time for the turnover of the new runway is approaching. The remaining work must be accelerated. The builders should provide a sufficient quantity of equipment and specialists at the start-up facilities and achieve a complete interaction and well-defined coordination of operations among the general and subcontractor organizations, as well as the client. Finally, the efficient resolution of current production questions on the part of all interested organizations must be ensured.

These tenets were also at the basis of the schedule for work completion and the placement of VPP-2 into operation. This document precisely and specifically defined the role, place and actions of each executor in the concluding stages of construction, not only by the day, but by the hour, so to speak. Paramount attention is moreover devoted here to questions of electric-power supply, a delay in which can disrupt all subsequent operations.

The specialists of the Aviaspetsmontaznnaladka Administration should play the principal role in this matter. Such services of the Sverdlovsk Airport (which, by the way, has adopted the socialist obligation of placing VPP-2 in service by December 10) as ESTOP [expansion unknown], the capital construction department and the ERTOS [expansion unknown] base are called upon to render very important and exceptionally timely assistance to the contractors...

The deadline for the introduction of the new runway is approaching. And only well-defined organization in the concluding stages of the construction and installation work will ensure the successful fulfillment of the crucial task--the placement into service of a facility so essential to the sector.

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CIVIL AVIATION

EXPERTS STUDY An-28 OPERATING PROBLEMS IN TAJIKISTAN

Moscow VOZDUSHNIY TRANSPORT in Russian 13 Dec 86 p 2

[Article by VOZDUSHNIY TRANSPORT correspondent A. Larenok, Dushanbe, under the rubric "Follow-Up to What Was Printed Earlier": "The Group to Assist the New Craft is in Operation"]

[Text] In the correspondence "When Things Go in Harmony" (VOZDUSHNIY TRANSPORT of 26 Aug 86) it was reported that after the appearance of Tajik Administration Deputy Chief and Chief Engineer K. Lolayev in our newspaper describing the halting of An-28 aircraft operations due to various defects, a conference of the interested parties was held. The results of this conference were sent to Moscow, where a special operational group was created (it was headed by the deputy chief designer of the OKB [Special Design Bureau] imeni O. Antonov, D. Kiva) that was to report monthly to Dushanbe to analyze the situation and take effective steps to eliminate the idle time and raise the reliability of the An-28.

The first meeting of this group was held the other day, in which the lead designer of the OKB imeni O. Antonov, I. Radchenko, the chief designer of the propellor and regulator system, Yu. Sukhorosov, the lead designer of the GosNII GA [State Scientific Research Institute of Civil Aviation], V. Yegorov, and representatives of the GUZSANT [Orders and Supply of Aircraft and Ground Equipment], GUERAT [Operations and Repair of Aviation Technical Equipment] and GlavNTU [Scientific and Technical] main administrations of MGA [Ministry of Civil Aviation] participated.

Having analyzed the course of fulfillment of the decisions made earlier, the group came to the conclusion that they were not being fulfilled with the requisite intensity and monitoring or in the established time periods. As a result, the serviceability indicators for the An-28 aircraft over the month were low. Moreover, cracks on the compressor blades were discovered in operation in three engines, which evoked a certain alarm, since the new aircraft is intended for widespread utilization on local air routes, and first and foremost those with dirt runways. As before, renovation work was not carried out on a single An-28, a service group had not been created, and the supplier was taking a passive position, having not yet sent a single engine, while customer losses were mounting.

The specialists worked actively under the direction of engine Chief Designer V. Kostogryz: after only two days, they had put four An-28s into service. The transfer of an An-28 to carry out research work in a special flight-test program took place, so as to determine once and for all the causes of the "surge in revolutions."

The group executed a technical flight along the most difficult Dushanbe--Knorog air route with an intermediate stop at the Kalaykhumb Airport, where the landing and takeoff approach is especially difficult.

Problematical questions in the technical operation of the An-28 aircraft that were posed by the Tajik Administration were also considered.

It is possible today to state firmly the expediency of creating the special operational group. The joint resolution of the necessity of developing a new procedure for the interrelationships of clients and developers with the suppliers is timely, envisaging therein the material responsibility for the timely renovation of aircraft, a procedure for compensation for damages, the level of authority that determines who is ultimately at fault, a procedure for mutual settlements among the parties, the compulsory acceptance of complaints in cases where they are composed unilaterally with the coordination of the supplier in the unilateral composition of the document and the determination of the responsible organization for the adoption of the ultimate resolution in cases where differences of opinion arise between the supplier and the developer.

Attention should also be directed toward complaints that come from both the crews and the passengers about the high noise level in the cockpit and the passenger compartment of the An-28, as well as in the area of the operating engine. It is time to begin working on compensating losses borne by the Tajik Administration. It is hoped that many of these issues will be resolved by the next meeting of the operational group.

From the editors: The newspaper has begun monitoring the progress of elimination of the shortcomings revealed in the initial stage of operation of the new An-28 aircraft, and will regularly inform our readers on it.

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CIVIL AVIATION

OFFICIAL EXPLAINS WHY Tu-144 SST NOT IN OPERATION

Moscow ARGUMENTY I FAKTY in Russian No 50, 9-15 Dec 86 p 4

[Response by USSR Ministry of Civil Aviation Scientific and Technical Administration Chief L.G. Verkhovin to readers' question; first two paragraphs are source introduction]

[Text] Why are there no supersonic passenger aircraft flying in our country, and the Tu-144 in particular -- [signed] N. Amelchenko, Minsk; Yu. Kashkin, Angarsk, Irkutsk Oblast; A. Samzenysh, Odessa; et al.

The question is answered by USSR Ministry of Civil Aviation Scientific and Technical Administration Chief L.G. Verkhovin.

A number of causes that hindered the widespread utilization of supersonic aircraft on regularly-scheduled passenger air routes were uncovered after a large amount of research, flight testing and experimental operations of Tu-144 aircraft under civil-aviation operating conditions in our country.

I will dwell briefly on the most important of these.

In our country, serious attention is devoted to questions of environmental protection. Unfortunately, it became clear that mass flights of supersonic passenger aircraft could have a harmful effect on the living and health environment of people through the passage of sound shock waves. One could object: aren't the Anglo-French Concorde aircraft flying? The fact is that the principal routes of these aircraft lie over deserted expanses of water, while in the densely populated regions in the takeoff and landing zones the Concorde aircraft fly at subsonic speeds.

There are practically no such air routes in our country.

One of the principal directions of scientific and technical progress in our sector is reducing proportionate fuel consumption, that is, the consumption of fuel per unit of transport work. We should devote paramount attention to economizing fuel and power resources. As this relates to the Tu-144 supersonic aircraft, its proportionate fuel consumption is several times greater than that of modern subsonic aircraft.

[Source afterword] In upcoming issues, ARGUMENTY I FAKTY plans to hold a roundtable with the participation of specialists from the USSR Ministry of Civil Aviation on issues of interest to readers.

PORTS, TRANSSHIPMENT CENTERS

VARIOUS DIFFICULTIES IN TRANSCONTINENTAL CONTAINER SHIPPING

Moscow GUDOK in Russian 22 Nov 86 p 2

[Article by GUDOK special correspondent L. Lyubimov: "The Company Container: Its Difficult Route Through Two Continents"]

[Text]--Nakhodka-Tallin--This year makes ten years that the first phase of the largest terminal in the country entered service in the newly built Port of Vostochnyy in Primorye. It was created for transit support of foreign containers on the longest route through two continents in the world, the Transsiberian run.

A photograph of the terminal in those days, slightly yellowed, hangs in the office of Far Eastern Railroad Vladivostok Division Chief Aleksey Nikolayevich Kolmogorov. That terminal seems a dwarf compared to today's. The photograph is very dear to Aleksey Nikolayevich as a reminder of the beginning of work that was quite new and unexplored for the workers of the Vladivostok Division. Moreover, the work was not only capacious, but extremely crucial as well. Kolmogorov was among the enthusiasts who were assimilating the transloading of Japanese containers both on the direct ship--railcar--ship variant and their placement on the shore. It was, after all, Japanese firms that first shipped their freight through Eurasia on our national railroad.

"The chief and paramount task then was felt to be not only the timely dispatch of the transit containers arriving by sea and their forwarding without delay, but also ensuring the hundred-percent preservation of the freight. And it included some especially valuable freight--optics, electronics, precision mechanics and radio apparatus," recalls Kolmogorov.

"The speed of delivery, however, acquired especial importance. It wasn't enough to pack things up in the agreed-upon times, it was necessary to reduce them considerably, since success in the transit servicing of foreign firms depended first of all on a gain of time in rail shipping compared to maritime. And we understood that if the containers were delivered faster in railcars than in ships, then our country would have more clients from among those for whom time is money. After all, containers were shipped to Western Europe by sea, even through the Suez Canal in good weather and safe passage, in twenty-five days. But that was rare, and the times usually were dragged out to a month or more," A. Kolmogorov concluded his story.

As for today, containers from the Port of Vostochnyy reach the western borders in sixteen days. Certain runs to Tallinn--one of the end points for transloading--take even less time: from twelve to fourteen days. That is, roughly as long as it took a passenger train to take us from Vladivostok to Tallinn in the recent past.

The first experience in shipping container freight by the direct ship--railcar--ship variant had good results. The freight traffic grew substantially, which in turn required regularity and coordination in the joint operations of sailors and railroad workers and the development of well-defined technology. Unfortunately, however, it was impossible to imitate and make use of someone else's experience. There was no such experience. Therefore both the sailors and the railroad workers placed creative initiative at the foundation of their work. All proposals with a grain of good sense and any technological operation were verified in practice. The results were heatedly discussed and compared, and the most successful were standardized and incorporated into a technological process. It was deemed progressive, demonstrated at the USSR VDNKh [Exhibition of Achievements of the National Economy of the USSR] and recommended to other transshipment centers for study and application. For his development, A. Kolmogorov was awarded the Gold Medal of the VDNKh, and silver and bronze medals were given to port workers.

The growth in shipping volumes and the diversity of destinations required through freight routings. New production areas were required for the composition of containers as well. The area of the first phase of the terminal was not large, after all, and the containers were disposed in a single tier, and passages were even left for machinery and equipment. When the second phase entered service, this entire enormous yard was divided into ten specialized areas, and they in turn into rows and places. The containers began to be arranged in three tiers. The specialization of each was entered into a computer, which knew not only the precise location of any of them, but could also draw up plans for its handling.

The automation of the terminal, it can be said, was complete. Although the port workers feel that it encompasses only... 99 percent of all operations, since people are still occupied with individual pieces of equipment.

The railroad went over to the through dispatch of containers. The routings went to Tallinn, Leningrad, Luzhayka, Chop, Brest, Dzhulfa and other points. At the suggestion of Vneshtorg [Ministry of Foreign Trade], special days of the week for the dispatch of routings by type were established. For example, Wednesday became the day for shipping containers to Tallinn for Scandinavia.

The transport process is quite complex and multifaceted, however. Problems arise on whose real-time resolution the acceleration of this process depends. Compare just two facts: whereas the handling of the containers themselves at the terminal is automated almost a hundred percent, the shipping documents are formulated by hand. About sixteen flatcars are dispatched on routings and two containers are on each one. Imagine how much time is required for the formulation of the documents by hand for just one routing!

The director of the Soyuzvneshttrans [All-Union Foreign Transport] office at the Port of Vostochnyy, Ye. Solozobov, complains justly that "we settle up with foreign firms by telex, and there is no confusion. Here we use old-world methods! A whole series of variants of unified through documentation has already been developed in which all of the necessary data can be filled in by computer. Only coordinating them slows it down. We are clinging to the old: the sailors are not resolved to part with the traditional bill of lading, and the rail workers with their way-bill."

It is impossible not to agree with this opinion. There are, moreover, other problems besides the shipping documents. For example, the longshoremen are concerned with the issue of lashing the containers to conventional flatcars. There are not enough special fitted ones, since the flow of transit containers to the east is roughly half that in the opposite direction, to the west. What should be done? Timber is shipped to the Port of Vostochnyy, and it is doubled up under the flatcars. According to estimates, some 35-40 percent of containers are shipped in this manner, which leads to additional expenditures. If two or three minutes are spent on fitting a flatcar, then the loading takes about a half an hour.

Port Deputy Chief L. Bochkov shows some figures that describe various types of losses: "In order to lash the containers to conventional flatcars, we use a trimmed beam, which has a high export price. And metal needed for machine building we use for clamps. And after all, the trimmed beams and clamps are for one-time use. Aren't these "worthless" expenditures a little too much for the state?"

There is no joy at the other end of the line in Tallinn from the shipment of containers on conventional flatcars. The complaints there are different, however: when the 40-foot container is shipped on a conventional flatcar, access to the doors and, consequently, to the freight is possible. And it is no secret that on such a long run, hunters appear to take an interest in the contents of the container.

Another complaint was also expressed in Tallinn: the containers that come outside of through routings in separate groups are delayed for an extremely long time in the sorting yards, especially at the Malchiki Station of the Moscow Railroad. Also common are instances where the flatcar with the container, decoupled from the group due to technical flaws, sits in repair for a long time and arrives at the designated destination after the lot of containers is on a ship bound for the recipient.

At the Tallinn office of Soyuzvneshttrans, they also showed me documents on instances of theft during such delays. For example, 40-foot container No 4817902, shipped from Vostochnyy on August 12 on a conventional flatcar, only reached Tallinn on September 5, and moreover with a damaged seal. Inspection revealed a shortfall of four video tape recorders. But it was impossible to discern where exactly the delay occurred from the shipping documents. There were no notations of idle time at stations either in the accompanying documentation or in the way-bill.

It is true that similar thefts are rare. But then delays of containers are quite common, and if such things happen, it is necessary to inform the destination station immediately.

It is also not superfluous to recall the decree "Steps for Radically Improving the Preservation of National-Economic Freight in Rail Transport." It states that delay due to technical defects of railcars with valuable freight are allowed for no more than one day, in which time the defect should be eliminated. Hence the conclusion arises directly that in cases where the flatcar cannot be fixed over a day, the container should immediately be loaded onto another flatcar and sent to its destination.

Also important is this problem, quite unexpected for the rail workers. The sailors of Nakhodka that serve the Vostochnyy--Nagoyya line are today waiting for brand new universal flatcars from industry that have durable floor covering and built-in clamps. They have reason to wait.

The captain of the containership Mikhail Prishvin, Hero of Socialist Labor Mikhail Andreyevich Serykh, related the following incident. Last winter their vessel, having arrived with freight in Japan, had to go into neutral waters to clean the mud off the bottoms of the containers. The Japanese refused to accept them otherwise.

The appearance of the mud was quite explainable. During the long trip from Europe, dirt that flies up from the wheels through the frame of the fitting platform, which has no floor, freezes to the bottoms of the containers.

And the Japanese did not permit them to be cleaned in their territorial waters, because in issues of environmental protection they are extremely exacting and scrupulous.

"And that wasn't all. Our service should be up to standard," asserts Captain Serykh.

Of course, he is correct. Our "container service" is a distinctive form of "export commodity" that moreover pays well. And undoubtedly, it should be on the level that is necessary not only to develop it, but to make it less labor-intensive.

Unfortunately, much hinders that. While the terminal itself in Vostochnyy was built with prospects and with large productive reserves, the same cannot be said of the Nakhodka-Vostochnaya Station, where up to now only the first phase is in operation. But it is no secret that even with the realization of the existing volumes of work, there is far from enough receiving and dispatch track, and the situation is aggravated by the short tracks in the sorting yard. However, even the working conditions of the rail workers are sharply different that those of the longshoremen.

"A low-class station, and there are no break rooms for the support personnel, even though according to the plans of the office building there should be some. But the station office isn't even built yet," elucidated station Chief V. Dzedyurov.

"All of this is envisaged in the construction of the second phase. But just when will it begin? It is long covered with dust," the division deputy chief, A. Kolmogorov, supported him.

Undoubtedly, the working conditions of the station workers should not differ from the working conditions of the longshoremen. After all, they jointly carry out a great and important matter, developing and improving the container service, which the foreign firms have valued highly and on which they place great hopes. And it is just that the creators of this service demand attention to their concerns, needs and problems. The path of the company container through two continents is still not so simple and easy.

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